

Community and Economic Development CSA

Core Service: Arts and Cultural Development

City Manager – Office of Economic Development

Core Service Purpose

To develop and manage resources that support and build a diverse array of opportunities for cultural participation and cultural literacy.

Key Operational Services:

- | | |
|---|--|
| <input type="checkbox"/> Arts Grants | <input type="checkbox"/> Arts Planning and Development |
| <input type="checkbox"/> Arts Community Development | <input type="checkbox"/> Public Art |
| <input type="checkbox"/> Arts Education | |

Performance and Resource Overview

The Arts and Cultural Development core service supports the *Range of Quality Events, Cultural Offerings, and Public Artworks* outcome. This core service provides programs and activities that include grant funding and technical assistance to a diverse range of arts and cultural organizations, and facilitation of arts education opportunities for San José residents. Additionally, a public art program enhances public and private spaces throughout the City. The Office of Cultural Affairs (OCA) manages most of the City's arts-related programs and activities.

Arts Grants

Arts grant programs are funded almost entirely by Transient Occupancy Tax (TOT) revenues. The bulk of grants provide general operating support to San José arts organizations, while a lesser, but significant, amount of support is directed towards specific arts programs of arts organizations and other arts producers/presenters, such as social service and health care organizations, that do not receive operating support. In addition, a small number of technical assistance grants are issued to help arts organizations build capacity, and a handful of special grants target opportunities with strategic value to the community.

Arts grantees provide the community with numerous opportunities for cultural participation and cultural literacy, and thus have a significant impact on the quality of life in the City and on its attractiveness to employers who choose to locate in San José. In addition, audiences for arts and cultural activities at Downtown theaters, museums, and galleries are a critical part of the restaurants' market and in the instance of certain arts festivals, the hotels as well.

After suffering a steep three-year decline in total value to their lowest point in nearly ten years, arts grants began a gradual rebound in 2005-2006 due to increasing TOT revenues. In 2007-2008, the total value of arts grants should finally be restored to a pre-2003-2004 level. Nonetheless, structural changes in the local funding environment such as the 2006 sale of the Knight Ridder Corporation, a large supporter of the arts, and the suspension of arts giving by the Valley Foundation will continue to challenge local arts providers. As a consequence, participation reported by grantees declined

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Performance and Resource Overview (Cont'd.)

Art Grants (Cont'd.)

slightly in 2006-2007, after growing more than 12% from 2004-2005 to 2005-2006, and then stabilizes in 2007-2008.

In 2007-2008, OCA will extend a pilot program, which began in 2006-2007, to test significantly streamlined application, review, and award decision processes for very small project grants. OCA will work with the Arts Commission to develop similar pilot programs to test project grants for individual artists and grants to support initiatives in arts and technology – a strategic area identified in the *20/21 Regional Cultural Plan* and expected to be sustained in any new cultural development strategy.

Arts Community Development

OCA launched a pilot joint venture in 2005-2006 with the Parks, Recreation and Neighborhood Services Department (PRNS) to place three small arts organizations in residence at the Hoover Community Center. The organizations offered dance and music classes and workshops there, and also participated in a number of activities sponsored by the two neighborhood associations in the area. An initial assessment effort led to the hiring in late 2006-2007 of a consultant to facilitate the development of working relationships between the arts groups and the three public schools adjacent to the Community Center. This joint venture is aimed at ensuring that the neighborhood enjoys a significant level of recreation and cultural education opportunities at Hoover, despite the need for PRNS to reduce its services.

In 2004-2005, OCA refocused a part of its arts development efforts toward building new and alternative arts audiences Downtown, and outsourced this new endeavor to a community partner, Arts Council Silicon Valley (ACSV), to pilot. The new arrangement required significantly less City funding and staff time than the program it replaced. ACSV hosted the first “Festival of Cultures” event, a four-day arts showcase, in June 2005 and then used the following fiscal year to review the initial efforts, revise plans, and lay the foundation for a careful assessment of the multi-year pilot. ACSV launched a revamped “Festival of Cultures” in March 2007.

In the South of First Street Area (SoFA), San José’s designated arts and entertainment district, several exciting developments occurred in 2006-2007. The San José Institute of Contemporary Art (SJICA) moved into its new home, purchased with assistance from the San José Redevelopment Agency (SJRA), adjacent to the Museum of Quilts and Textiles, which itself had relocated to SoFA in 2005. Also with assistance from SJRA, Works/San José, an edgy exhibition and performance center, moved into SJICA’s previous SoFA location, adding to the mix of arts opportunities in the district. Ground was broken on the first high-rise housing complex in SoFA, with a design likely to make it a signature Downtown property. About a half-mile south of SoFA, in the Martha Gardens Specific Plan area, the doors opened on Art Ark, an affordable housing community targeted at artists.

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Performance and Resource Overview (Cont'd.)

Arts Community Development (Cont'd.)

As a result of the City's new economic development agreement with the Cambridgeshire/East of England region, OCA hosted a delegation from Arts Council England, East (ACEE) in 2005-2006. The visit launched a dialogue around the development of a continuing cultural exchange. The first dialogue led to the presence of several art projects from East England at the inauguration of San José's new arts and technology festival, *Zero One: A Global Festival of Art on the Edge*, in August 2006. That was followed in April 2007 by a delegation to Cambridge, comprised of arts leaders from several San José arts organizations and OCA, to meet with their English counterparts to explore opportunities for San José artists and arts groups. At the same time, a delegation of dance students and instructors from Independence High School traveled to East England to conclude a trans-Atlantic dance learning project that had begun the previous fall, and to participate in the launching of Cambridge's new arts and technology festival. In 2007-2008, OCA and ACEE will work to give practical form to the results of the various conversations that have been taking place.

Arts Education

In 2006-2007, OCA commissioned an independent assessment of its arts education programs. Completed in May 2007, the assessment will serve as the basis for fine-tuning the existing programs in 2007-2008, as well as beginning a strategic look at arts education in the future. In the meantime, the implementation of voter-approved Proposition 49, which created a new statewide stream of funding for after-school programs, had an unintended negative impact on San José After School (SJAS), the City's wide-ranging after-school program managed by PRNS. Numerous San José schools that had contracted with the City for after-school programming decided to go in other directions instead of renewing their partnerships with the City. As a result, the arts-enrichment component at Level Three SJAS sites, overseen by OCA, was cut back sharply, and the picture for 2007-2008 remains unclear. Nonetheless, an increase in participation in the City's major arts exposure program, *Arts Express*, allowed the City to reach a rising number of children. Through the programs, the City partnered with dozens of local arts providers to offer area teachers opportunities to have artists visit classrooms and bring pupils to art exhibits and dance, music and theatre performances. OCA also continued to develop and offer arts-related training opportunities for arts education professionals and the City's SJAS staff, and will continue to do so in 2007-2008.

Arts Planning and Development

The City's cultural master plan, the *20/21 Regional Cultural Plan* approved in 1997, had a ten-year horizon. During 2006-2007, OCA began a series of steps intended to lead to the development of a successor strategy which will focus on what the City should do to anticipate and meet the cultural needs of San José residents, the most significant of which was the development and approval by City Council of a new Public Art Master Plan. Additional steps will be taken in 2007-2008 to create strategic directions for arts and culture, which align with the City's economic development strategies.

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Performance and Resource Overview (Cont'd.)

Public Art

In March 2007, City Council approved *Public Art NEXT!*, San José's new Public Art Master Plan. The Plan builds upon lessons learned through the City Auditor's 2005 Public Art Program audit, and explores means to expand public art into planned development in North San José, Coyote Valley and Evergreen; SNI and other neighborhood-based planning efforts; and new Downtown development. The Plan also includes recommendations to refine the Program's stakeholder involvement process to create more meaningful interactions between various stakeholders, in order to develop responsive public art projects. A community steering committee of over 40 individuals participated in this effort.

The Public Art Program has been expanding its local artist grooming efforts and is developing a series of small-scale and temporary public art projects that act as training opportunities for San José artists. The Program is completing its third cycle of working with art students at San José State University to develop neighborhood-based public art projects.

The number of active public art projects has grown by 15% with the inclusion of several capital projects including the Airport expansion and bond-funded parks projects, and fire stations, branch libraries, and recreational facilities upgrades. An updated count of the City's public art collection reflects 211 completed projects, some of which contain multiple artworks. In 2006-2007, a team of conservators evaluated and made recommendations on the care of the public art collection. These assessments will assist OCA to conduct future artwork conservation and maintenance. Fortunately, the assessment concluded that the majority of public artworks in San José's collection are well constructed and in stable condition. Consequently, the 2006-2007 estimate of 90% of artworks in excellent condition is above the 2006-2007 target of 80%; as a result, the target in 2007-2008 is 90%. Major maintenance was completed on several artworks during 2006-2007, and in 2007-2008 the Public Art Program hopes to complete additional conservation work to stabilize several artworks that remain in need of care. The assessments will also assist the Program to determine and plan for future maintenance needs.








Public Art Program staff completed work on a City Hall exhibits policy that will be implemented in 2007-2008. The initial installation by History San José has been enjoyed by thousands of City Hall visitors on a daily basis, and an exhibit of Sister City materials was installed in the Santa Clara Lobby of City Hall in late 2006-2007.

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City Manager – Office of Economic Development

Performance and Resource Overview (Cont'd.)

Arts and Cultural Development Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
 % of San José students (grades K-12) participating in OCA-sponsored arts education programs	15%	15%	15%	14%
 % of public art pieces that are in good to excellent condition based on their physical and operational condition	90%	80%	90%	90%
 % of change in attendance at grant-funded programs compared to previous year %	+12.4%	+3%	-3%*	+3%
 Grant expenditure per attendee	\$0.67	\$1.23	\$0.74	\$0.82
 Ratio of City grant funding to all other revenue sources (all grantees)	\$1:\$28	\$1:\$25	\$1:\$25	\$1:\$25
 % of funded cultural organizations rating funding process good to excellent based on responsiveness, timeliness, and integrity	75%	90%	75%	80%
 % of residents rating City efforts at supporting a diverse range of arts and cultural activities in the City as good or excellent	54%	54%	54%	55%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

* Decline in level of attendance due to decreasing funds available as a result of reduced corporate philanthropy.

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Number of students served by arts education	21,879	19,000	21,900	21,000
Number of arts grants awarded and monitored	127	100	145	140
Grant expenditures	\$2,194,223	\$2,334,000	\$2,418,500	\$2,700,000
Number of City-funded cultural organizations	57	58	65	60
Attendance at Grantee Programs	3,294,824	1,900,000	3,200,000	3,300,000
% of ethnic groups represented in grants program	36%	35%	40%	35%
Number of Public Artworks in collection	184	225	211	236

Changes to Activity & Highlights from the 2006-2007 Adopted Budget: No

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Performance and Resource Overview (Cont'd.)

Arts and Cultural Development* Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget **					
Personal Services	\$ 1,357,543	\$ 1,606,068	\$ 1,677,755	\$ 1,829,755	13.9%
Non-Personal/Equipment	482,218	340,767	220,209	260,209	(23.6%)
Total	\$ 1,839,761	\$ 1,946,835	\$ 1,897,964	\$ 2,089,964	7.4%
Authorized Positions	13.50	13.00	13.00	14.00	7.7%

* Prior to 2006-2007, the Arts and Cultural Development appeared in the Recreation and Neighborhood Services City Service Area (now known as the Neighborhood Services City Service Area).

** The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
RANGE OF QUALITY EVENTS, CULTURAL OFFERINGS, AND PUBLIC ARTWORKS			
1. Office of Cultural Affairs Staffing	1.00	152,000	0
This action adds a Deputy Director to serve as the lead cultural expert for the Office of Cultural Affairs (OCA), which is a division of the Office of Economic Development. This position will be fully funded by the Transient Occupancy Tax Fund and the position will oversee OCA, interact with the Arts Commission, and advise City staff and elected officials on all arts/cultural issues. (Ongoing costs: \$152,000)			
Performance Results:			
Quality, Customer Satisfaction The Deputy Director will oversee issues related to the financial viability of arts organizations, city-owned cultural facilities, destination-quality public art, and growing high-profile events.			
2. Rebudget: Cultural Strategy Plan		40,000	40,000
The rebudget of unexpended 2006-2007 funds will allow for the completion of the development of a new cultural strategy plan. (Ongoing costs: \$0)			
Performance Results: N/A (Final Budget Modification)			
2007-2008 Adopted Core Service Changes Total	1.00	192,000	40,000

Community and Economic Development CSA

Core Service: Business/Job Attraction, Retention, Expansion and Creation

City Manager – Office of Economic Development

Core Service Purpose

Promote business by providing assistance, information, access to services, and development permit facilitation.

Key Operational Services:

- | | |
|--|--|
| <input type="checkbox"/> Economic Development Strategy | <input type="checkbox"/> San José Enterprise Zone |
| <input type="checkbox"/> Corporate Outreach | <input type="checkbox"/> International Programs |
| <input type="checkbox"/> Small Business Assistance | <input type="checkbox"/> Retail Attraction and Retention |
| <input type="checkbox"/> Loan Programs | |

Performance and Resource Overview

The Office of Economic Development (OED) manages a comprehensive program designed to strengthen the economy of San José and create an environment where innovative companies can flourish. Specific goals include improving the quality of municipal services provided to businesses, expanding the City's tax base, and increasing corporate locations in San José. OED is responsible for providing and leveraging services for small businesses and for assisting in the retention, expansion, and attraction of business. Specific targets encompass a range of diverse businesses including corporations, retailers, industrial suppliers/services, and manufacturers. The Business/Job Attraction, Retention, Expansion and Creation Core Service contribute to the Community and Economic Development CSA Outcome: *Strong Economic Base*.

Economic Development Strategy

On an ongoing basis, OED provides information and perspective about the San José/Silicon Valley economy for City decision makers, including the Mayor, City Council, and Executive/Senior Staff. OED also provides economic information to the City's economic development partners and the community at large.

The economic strategy for the City of San José provides a broad vision of the City's economic future and 15 initiatives that build on San José's strengths. The vision stresses the reinforcement of San José's identity as the Capital of Silicon Valley through the savvy use of technology and enhancement of its entrepreneurial environment. San José's role as a creative community and global business gateway will be an important element in positioning San José as the world's most livable big city providing opportunities for all its residents.

Community and Economic Development CSA

Core Service: Business/Job Attraction, Retention, Expansion and Creation *City Manager – Office of Economic Development*

Performance and Resource Overview (Cont'd.)

Economic Development Strategy (Cont'd.)

Some highlights of the Strategy implementation include:

- **Additional Retail Attraction (ED13).** Continued augmentation in this area will permit additional attraction efforts to provide residents with more convenient services, help overcome San José's retail leakage to other communities, and increase City revenue for community services.
- **Communicating a Compelling Community Identity (ED14).** San José's ability to attract additional investment depends on the local, national, and international impressions of the community's identity.
- **Development Facilitation of Job - and Revenue - Generating Company Expansions and Relocations (ED6).** The additional assistance that companies receive in San José provides the City with a competitive edge as the local economy begins to recover.
- **Develop Strategic Partnerships with San José State University (SJSU) and Other Universities to Drive Innovation and Economic Impact (ED3).** The launch of the Dr. Martin Luther King, Jr. Library demonstrated the power of City-University collaboration to drive economic impact and livability improvements; and the City and SJSU have identified other priority areas for collaboration such as land use.
- **Evolve and Position Downtown as a Unique Creative and Cultural Center of Silicon Valley (ED4).** Signature downtown events such as eBay Live, and the ZeroOne International Arts Festival continue to build San José's regional, national, and international recognition. The expansion of downtown housing reinforces the area's ability to provide a distinct urban character for the development of a larger creative community.
- **Support Start-Up and Growth of Local Businesses, Small and Large, in Technology as well as Non-Technology Fields (ED5).** Continued efforts to retain and develop new resources for expanding businesses such as incubators, technical assistance centers, and access to capital will encourage a faster economic recovery.
- **Diversify San José's Economic Base and Preserve/Create Middle-Income Jobs (ED8).** Land use and economic development policies to encourage a wide variety of industries that will support greater resilience in the local economy.

In 2005-2006, one-time funding was provided for resources to aggressively implement the San José Economic Development Strategy. For 2006-2007, ongoing funding for three Economic Development Officer positions were approved in order to continue efforts towards pursuing additional revenue and achieving the higher level of focus necessary to realize the promise of the Economic Development Strategy. Two new initiatives, including the Shopping Center Improvement Program and the Economic Incentive Fund, are approved as part of this budget to expand the capacity of the department to catalyze revenue generating business activities.

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Core Service: Business/Job Attraction, Retention, Expansion and Creation *City Manager – Office of Economic Development*

Performance and Resource Overview (Cont'd.)

Corporate Outreach

Businesses seeking to locate or expand in San José often contact the City through the Office of Economic Development. OED staff works with other City departments to coordinate and streamline the development process for companies looking to locate or expand in San José. The response to the businesses making the inquiry typically requires researching potential sites, providing information, or coordinating and facilitating meetings. OED meets with companies, including significant and growing job/revenue-generators, on a proactive basis to get their views on the City's strategy and initiatives and to identify areas requiring City action. As part of the Economic Strategy Process, OED met individually with senior executives from 50 key companies. These efforts are complemented by a city-wide effort, the Business Appreciation Initiative, in which Department Directors and other account managers visit key companies to promote mutual understanding and early problem solving.

In 2006-2007, 8,300 jobs were created or retained by companies directly assisted by OED, resulting in \$1.6 million in additional tax revenues generated. While the number of jobs created is slightly lower than the 2005-2006 actual job creation of 9,400 (a total which included the completion of several large, multi-year projects), the 2006-2007 job creation statistics reflect a larger number of companies served and does not incorporate several projects which OED and the San José Redevelopment Agency staff facilitated in the past year but are not yet completed. The staffing increases approved in 2006-2007 have allowed the City to increase its capacity to assist companies with job creation and generate additional revenues for City services. In addition, the Special Tenant Improvement Program has been a particularly valuable tool in encouraging the early occupation of vacant industrial and R&D space as well as commercial office space in downtown San José. The number of companies served increased from 35 in 2005 to 62 in 2006, representing 1.7 million square feet of development in 2006.

Small Business Assistance and Loan Programs

In addition to efforts to encourage corporate expansion and attraction, OED plays a role in stimulating the growth of small businesses. Efforts in this area range from business fairs, such as the annual Money Talks event, to financial support of local chambers of commerce and business loan programs.

The City has contracts with six small business chambers of commerce to provide activities of benefit to San José small businesses. City funding provides business owners of underserved communities with direct chamber support and alternative avenues for finding out about City and other assistance services. These contracts encourage direct technical assistance, workshops, networking, and other company fostering activities as well as referrals to work2future and Enterprise Zone programs for employee recruitment and hiring tax credits. The number of jobs created or retained by chambers of commerce-assisted companies is estimated to be 35 in 2006-2007 and is anticipated to remain the same in 2007-2008. The City will also enter into an agreement with Pacific Coast Ventures to provide business counseling.

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Core Service: Business/Job Attraction, Retention, Expansion and Creation *City Manager – Office of Economic Development*

Performance and Resource Overview (Cont'd.)

Small Business Assistance and Loan Programs (Cont'd.)

The San José Silicon Valley Chamber of Commerce has also provided assistance in establishing the Cambrian Valley Business Association, Camden Business Association, and reinvigorating the Winchester Business Association. The new organizations are largely independent groups discussing local business concerns and serving as a central point of contact for City outreach.

OED administers a Revolving Loan Fund (RLF), which provides funds to small businesses in the amount of \$10,000 to \$40,000 for working capital, equipment, and other purposes. This program provides loans to businesses that have sound business practices, but due to being a start-up or past credit history, are normally unable to obtain private sector financing. OED estimates a 70% increase in 2006-2007 in the amount of dollars lent through this program. In addition, the San José Redevelopment Agency's Small Business Loan Program provides loans to downtown businesses which are administered by OED staff. The primary funding source for this program is Community Development Block Grant funding which is anticipated to be nearly \$1 million in 2007-2008.

OED has enhanced the economic impact for San José's small business community by developing a new program that further leverages City loan monies to replace the Development Enhancement Special Fund (DESF). The Economic Development Catalyst Program will provide financial services, technical assistance, and information targeted to job generating companies with high growth potential. The Catalyst Fund will leverage up to a 6:1 ratio (sales tax to use tax) and provide a return on investment of 15%, while at the same time generating increased jobs and sales tax revenues.

San José Enterprise Zone

In 2006, San José received a new 15-year designation as an Enterprise Zone from the State of California. Businesses within the 12 square-mile Enterprise Zone in central San José are eligible for State tax credits and incentives. In addition to hiring tax credits, benefits of locating in the Enterprise Zone include: sales tax credits on the purchase or lease of manufacturing and communications equipment; asset depreciation; net operating loss carryover, as well as a net interest deduction for lenders.

Enterprise Zone companies can receive tax credits for hiring individuals from one of 13 eligibility categories. The hiring tax credit can lower the company's state tax liability per eligible employee by more than \$30,000 over a five-year period. Since 1997, the State has provided an estimated \$222 million in business tax credits to San José businesses. The program has been a significant tool in helping OED attract/retain companies and create jobs in San José, especially the Downtown area and in the Monterey Corridor.

The Office of Economic Development and partners estimate that a total of 1,000 hiring tax credits were issued to businesses within the Enterprise Zone during 2006-2007. This year, the Enterprise

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Performance and Resource Overview (Cont'd.)

San José Enterprise Zone (Cont'd.)

Zone program focused its outreach and marketing on small businesses with less than 35 employees. This strategy resulted in a 25% increase in the number of businesses participating.

International Programs

International business activity continues to be an integral component of San José's economy. To facilitate international economic development opportunities, OED meets regularly with foreign consulates, foreign government trade and investment offices, and international companies with the potential for foreign investment. OED also meets with targeted international business, government delegations, and foreign businesses located in San José. During 2006-2007, the office met with 20 foreign firms who were interested in operating in San José. OED works in partnership with the business incubators, including the US Market Access Center, to increase foreign investment in San José.

In addition to business outreach efforts, OED is responsible for the Sister Cities Program and the seven sister city relationships. OED has worked to increase community support and participation in the program. The Office of Economic Development organized a City-led sister city trip to Dublin, Ireland and hosted a visit by the Dublin Lord Mayor and delegation. San José hosted a delegation from Okayama, Japan in May 2007 to celebrate the 50 year relationship between the two cities.

Activity within San José's federally designated Foreign Trade Zone increased to \$166 million in 2005-2006. The U.S. Department of Commerce has approved the City's Subzone application submitted on behalf of Space Systems Loral. Zone activity is expected to increase when the company's zone operations commence.

The City's Economic Development Strategy includes an initiative to develop and open strategic economic partnerships with a select number of innovation regions around the globe that are key centers of technological innovation. Following the signing of an agreement with Cambridgeshire/East of England in 2005, the Office of Economic Development has worked with officials in East England to strengthen two-way trade, investment, economic relations, and university partnerships. Economic partnership agreements are being explored with Finland and other key centers of innovation and inward investment. Staff will also focus on future strategic partnerships with India and China, nations that are experiencing strong economic growth and key export markets for San José and California companies.

Retail Attraction and Retention

The Office of Economic Development works to encourage retail development to enhance the quality of life within the City, meet residents' increasing demand for goods and services, and generate revenues for City government. For instance, Santana Row, Oakridge Mall, Eastridge Mall, Westgate Mall, "The Plant" on the old GE site, and the Market Center have all completed

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Performance and Resource Overview (Cont'd.)

Retail Attraction and Retention (Cont'd.)

improvements, or are undergoing or considering improvements, facilitated by OED. Other significant retailers that are opening or pursuing new sites in San José include Kohl's, Walmart, Lowes, and Target. Auto dealerships assisted by OED in making improvements include Beshoff Motors, Smythe European, Behel/Porsche/Audi/Honda Stevens Creek, Volkswagen Stevens Creek, and Toyota Stevens Creek.

Revenue Generation

While revenue generation is not a program area but rather an outcome of the City's Corporate Outreach and Retail Attraction and Retention efforts, some of the key performance measures related with this core service are associated with revenue. Sales/Use Tax revenues that result from OED activities are estimated to meet the targets for 2006-2007 and to improve the ratio of sales/use tax revenue generated per OED expenditure in the upcoming years.

Business/Job Attraction, Retention Expansion and Creation Performance Summary		2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
 Number of jobs created or retained by assisted companies		9,400	9,000	8,300	10,000
 Number of jobs created or retained by chambers of commerce assisted companies		64	50	35	35
 Percent increase in dollars lent through the Revolving Loan Program (RLF)		50%	32%	70%	50%
 Ratio of Sales/Use Tax revenues generated by assisted companies per OED expenditure		7:1*	5:1*	5:1*	14:1
 Percentage of requests for assistance responded to within one work day		90%	93%	94%	95%
 Percentage of customers rating quality of assistance provided as good or excellent		92%	95%	96%	97%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

* Delayed revenue generation combined with increased expenditures lower this ratio.

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Core Service: Business/Job Attraction, Retention, Expansion and Creation City Manager – Office of Economic Development

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Sales/Use Tax revenues generated by OED actions	\$1.5M*	\$1.5M*	\$1.6M*	\$3.5M
\$'s made available to San José businesses	\$0.3M**	\$0.8M	\$0.7M	\$1.0M
Number of companies receiving permitting assistance	61	100	112	120
Number of meetings with foreign firms regarding operating in San José	29	25	20	25
Number of job placements resulting from Enterprise Zone vouchers	675	675	650	700

Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget: No

* Large shopping developments were delayed in coming on line and sales per square foot at new malls were below company estimates. OED only counts new revenue for one year.

** Funds being conserved to capitalize the Catalyst initiative.

Business/Job Attraction, Retention, Expansion and Creation Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 1,112,658	\$ 1,586,408	\$ 1,653,825	\$ 1,653,825	4.2%
Non-Personal/Equipment	412,212	607,733	511,879	498,731	(17.9%)
Total	\$ 1,524,870	\$ 2,194,141	\$ 2,165,704	\$ 2,152,556	(1.9%)
Authorized Positions	8.80	11.90	11.90	11.90	0.0%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

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Core Service: Business/Job Attraction, Retention, Expansion and Creation
City Manager – Office of Economic Development

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
STRONG ECONOMIC BASE			
1. Community-Based Organizations Funding Reduction		(13,148)	(13,148)
<p>This action reduces funding for the community-based organizations by the same average percentage reduction as approved for non-public safety city service areas, after a cost of living adjustment of 3.75% is applied to their Base Budget allocations. For the Office of Economic Development, this action reflects a 4.7% reduction, which is partially offset by the Base Budget increase, for six small chambers of commerce and Joint Venture – Silicon Valley, resulting in total savings of \$13,148. The Office of Economic Development will work with these organizations to minimize service delivery impacts. (Ongoing savings: \$13,148)</p> <p>Performance Results: Quality Service level impacts will be determined by each community based organization as appropriate. Cost This funding reduction is consistent with the average percentage reduction for non-public safety city service areas.</p>			
2. Revolving Loan Fund Staff Funding Transfer		0	(49,327)
<p>This action shifts funding for several positions in the Office of Economic Development to the Community Development Block Grant (CDBG). A recent decision to terminate CDBG contracts with a vendor resulted in the termination of the contract with the consultant providing loan processing and packaging services for the CDBG project Revolving Loan Fund. The multiple contracts with the consultant created an affordability factor for the loan administration contract that could not be duplicated with any replacement contractor; therefore, the Office of Economic Development staff assumed the responsibilities. (Ongoing savings: \$0)</p> <p>Performance Results: Customer Satisfaction Current level of service for the Revolving Loan Fund will be maintained.</p>			
2007-2008 Adopted Core Service Changes Total	0.00	(13,148)	(62,475)

Community and Economic Development CSA

Core Service: Convention Facilities

Convention Facilities Department

Core Service Purpose

To ensure that San José's Convention Center and Cultural Facilities are effectively managed to reduce costs, improve the local economy, and add value to customers, residents, workers, and businesses within the City of San José.

Key Operational Services:

- | | |
|---|--|
| <input type="checkbox"/> Sales and Marketing | <input type="checkbox"/> Facility and Infrastructure |
| <input type="checkbox"/> Event Services | Maintenance |
| <input type="checkbox"/> Technical Services | <input type="checkbox"/> HVAC, Electrical, and |
| <input type="checkbox"/> Food and Beverage Services | Cogeneration Services |

Performance and Resource Overview

The Convention and Cultural Facilities (CCF), a campus comprised of the McEnery Convention Center, South Hall, Center for the Performing Arts (CPA), Parkside Hall, Civic Auditorium, Montgomery Theater, and California Theater, has been managed by Team San José (TSJ) since July 2004. These facilities continue to fuel the local economy by driving guests to local hotels, restaurants, arts groups, and other hospitality businesses.

The McEnery Convention Center is the venue of choice for a wide range of exhibitions, trade shows and conferences. Technology conferences such as Photonics West and Embedded Systems Conference have returned for yet another year. The Harvest Festival brings together crafters and holiday shoppers. The San José Auto Show attracts thousands of new car buffs every year. Public dances brought up to 15,000 attendees to each performance of well-known bands. Disney's Hannah Montana performed for thousands of pre-teens at the South Hall.

The CCF's theaters, with their diverse personalities, hosted a wide range of genres and performances. The CPA, the home of the American Musical Theater of San José and Ballet San José/Silicon Valley, was the venue for such shows as *Camelot* with Michael York, *Blue Suede Shoes*, and *Thoroughly Modern Millie*. The Montgomery Theater is the home of the Children's Musical Theater of San José, which in 2006 and 2007 presented *The Jungle Book* and *Evita*. The Civic Auditorium has been the venue for performances by Nick Lachey, Barney, Doodle Bops, Atreyu, and Dashboard Confessional. And the California Theater, as home of Opera San José, has drawn audiences in with its magnificently restored interior and performances of *La Traviata* and *Romeo and Juliet*. In addition, the California Theater hosted Yitzhak Perlman and a classic movie series.

TSJ has brought in more than 500 events to the Convention Center complex in 2006-2007, and with those events approximately a million attendees. As a result, TSJ estimates 2006-2007 gross revenue of nearly \$9.4 million, a year-over-year increase of approximately \$600,000.





Community and Economic Development CSA

Core Service: Convention Facilities

Convention Facilities Department

Performance and Resource Overview (Cont'd.)

89% of TSJ's clients – show, conference and event organizers have rated the facilities and services provided at the convention center complex as good to excellent. The high client satisfaction indicates a corresponding degree of return business, establishing a strong baseline for a continued increase in sales and a higher overall occupancy of the City's Convention and Cultural Facilities.

Convention Facilities Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
 Gross Revenue	\$8.79 M	\$9.32 M	\$9.39 M	\$10.19 M
 Net Profit (Loss)	(\$4.58 M)	(\$4.19 M)	(\$4.64 M)	(\$4.87 M)
 Economic Impact				
Attendee Days By Type of Visitor:				
- Local/Social	1,048,267	600,400	1,000,000	1,050,000
- Out of Town	72,569	92,700	100,000	103,000
- Exhibitors	16,658	19,700	19,700	22,000
 % of customers rating overall service good to excellent based on satisfaction with facilities and services provided	96%	85%	89%	89%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast*
Number of events at Convention Facilities	495	500	510	546*
Attendance at Convention Facilities	1,137,494	693,100	1,119,700	1,176,000*
Number of Convention Delegates	16,658	19,700	19,700	22,000*
Delegate Expenditures	104,564,000	64,106,152	TBD	TBD*
Total Tax Benefit (\$)	(Measure to be developed)			
Operating Revenues (\$)	8,750,372	9,315,000	9,394,734	10,198,608
Operating Expenses (\$)	13,331,222	13,725,782	14,033,691	15,065,874
Overall Occupancy Rate (%)	58%	TBD	59%	62*

Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget: No

* 2007-2008 budget is currently being reviewed and revised to accurately reflect current business and market trends.

Community and Economic Development CSA

Core Service: Convention Facilities

Convention Facilities Department

Performance and Resource Overview (Cont'd.)

Convention Facilities Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 5,761,214	\$ 6,979,838	\$ 7,156,915	\$ 7,280,520	4.3%
Non-Personal/Equipment	6,575,344	5,760,954	6,421,483	6,421,483	11.5%
Total	\$ 12,336,558	\$ 12,740,792	\$ 13,578,398	\$ 13,702,003	7.5%
Authorized Positions	84.75	84.75	84.75	85.75	1.2%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)
STRONG ECONOMIC BASE		
1. Convention Center Customer Service Staffing	1.00	123,605
This action converted a temporary overstrength Senior Event Coordinator position to permanent status within the Convention Facilities as managed by Team San José in order to address increased responsibilities and activity levels. Without this new position, the increased workload would make it difficult to ensure that all activities could be performed to the clients' satisfaction. Customer satisfaction levels therefore, would decrease. The additional position should allow the service levels to be maintained at agreed upon levels. (Ongoing costs: \$123,617)		
Performance Results:		
Quality, Customer Satisfaction Customer service levels to clients will be increased and enhanced and the number of returning convention customer should increase.		
2007-2008 Adopted Core Service Changes Total	1.00	123,605

Community and Economic Development CSA

Core Service: Development Plan Review & Building Construction Inspection *Planning, Building and Code Enforcement Department*

Core Service Purpose

Manage and review development and construction applications to allow issuance of permits in compliance with applicable codes and policies.

Key Operational Services:

- ☐ Review of Land Use, Rezonings, Development Applications & Plans for Compliance with Zoning Code, Standards, Policies and Guidelines
- ☐ Review of Construction Plans and Calculations for Compliance with Building Code Standards, Policies and Guidelines
- ☐ Environmental Review
- ☐ Construction Inspection
- ☐ Permit Issuance
- ☐ Public Information Services

Performance and Resource Overview

The desired outcomes for this core service are to facilitate issuance of permits and compliance with codes, policies, guidelines and standards and, through these efforts, to ensure safe, healthy and attractive development. The continued challenge for this core service is to provide planning and building services that allow development to be planned, approved and inspected at a pace consistent with the economic realities of the competitive development environment.

Development Activity

Development activity, including planning permit applications, building permits, plan reviews, and inspection activity, has remained relatively constant since the tremendous development boom ended in 2000-2001. There has, however, been a significant shift away from commercial and industrial construction activity (where valuations are higher relative to corresponding service demand) toward residential construction activity. After several years of decline, commercial and industrial construction activity increased in 2006-2007 and is expected to stabilize at a relatively low level in 2007-2008. Some slowdown in the volume of residential activity occurred in 2006-2007, but staff anticipates relative stability in the local market based upon the momentum of development in process as well as the ongoing shortage of supply in Santa Clara County.

Community and Economic Development CSA

Core Service: Development Plan Review & Building Construction Inspection *Planning, Building and Code Enforcement Department*

Performance and Resource Overview (Cont'd.)

Cost Recovery and Staffing

For 2007-2008, projections indicate that the Building Fee Program will have a 11.5% base budget gap. In order to begin to address this gap, the 2007-2008 Building Fee Program includes a 5% increase to fees and the use of a portion of Building Fee Reserve. Temporary staffing resources were approved to be funded by the Reserve to meet performance targets as the new International Building Code (IBC) is adopted. Additional shifts from the Planning Fee Program and the General Fund to the Building Fee Program will occur to maintain staffing levels in the Customer Service Center and to more accurately align costs to work being performed.

The Planning Fee Program has a 16.5% base budget gap and lacks adequate revenue and reserves to phase in fee increases and to maintain current staffing levels. Therefore, fees were approved to be increased 8% with a staffing reduction of three positions to reach 100% cost recovery.

The implementation of a new time-based fee methodology in the Building Fee Program is complete. In 2007-2008, environmental review will be transitioned to the new time-based fee methodology, and an analysis will be conducted for the remainder of the Planning program. Additionally, two temporary Planner positions were approved to work on process streamlining intended to reduce the overall cost of providing services in both the Planning Fee Program and to make regulatory, code, and policy changes to facilitate moving small residential and commercial projects through the entitlement process quicker. It is anticipated that streamlining will reduce the number of hand-offs between staff, increase instances where teams of City staff interact directly with customers early in the review process to reduce miscommunication, identify issues, and result in recommendations to modify codes and systems in a manner that will simplify the development review process.

Resource Changes

The Building Fee Program's approved budget package for 2007-2008 includes the shifting of 1.0 Planner from the Planning fee program as described above in the Customer Service Center and 1.0 General Fund information services staff to building fees to better align costs to funding sources. With the adoption of the new International Building Code (IBC), a significant investment will be made in 2007-2008 to train staff and educate the community. One-time funding for 4.0 Building Inspectors and 4.0 Principal Permit Specialists for a portion of the year was approved to maintain customer service performance targets while existing staff are rotated for training on the IBC. After the IBC is implemented in January 2008 these temporary staff will also assist with the anticipated significant number of customer queries. One-time funding for vehicle and computer replacements, new code books, and telephone system upgrades were also approved. This package, along with a multi-year fee increase phase-in, includes the use of \$3.2 million from the Building Fee Reserve.

For the Planning Fee Program, the 2007-2008 budget includes funding from the Storm Sewer Fund for a Planner to support the review of development applications for compliance with new urban runoff control requirements. An additional Planner has been added to review development projects at the entitlement phase to ensure that Green Building principles are incorporated during project

Community and Economic Development CSA

Core Service: Development Plan Review & Building Construction Inspection *Planning, Building and Code Enforcement Department*

Performance and Resource Overview (Cont'd.)

Resource Changes (Cont'd.)

planning. This position will be funded by a combination of Environmental Services Department funds in 2007-2008. The costs of these two positions will be supported by special funds until the costs can be included in permit fees in future years. Funding for one Planner position will be shifted to the Building Fee Program to eliminate the practice of rotating Planners down to the Customer Service Center, thereby improving consistency. One Senior Planner, one Planner position, and one Planning Technician position were approved for elimination to address the ongoing structural shortfall in the Planning Fee Program. An additional 0.50 Planner will be realigned from Community Development Block Grant (CDBG) funding to the Planning fee program as CDBG projects needing NEPA review are transitioned to a fee for service. The impact of these reductions will be a reduction in cycle time targets from 100% to 85% and quality targets from 90% to 80% as workload is spread among fewer Planners. Supervisory span of control will be increased, training, technical support for project managers, database maintenance and community meeting support will be reduced. Vacancies, various leaves of absence, and limited resources have resulted in the need to transfer projects from one project manager to another thereby creating inconsistencies. This has resulted in the % of Planning projects that receive thorough, complete, and consistent processing in the first cycle of the staff review process to drop by 32 percentage points in 2006-2007 from 98% to 62%. In 2007-2008, the target is being revised downward to 80% in recognition of the reductions that were approved in the planning fee program.






Performance, Efficiency and Service Improvements

In February 2007 the development services partners (Planning, Building, Fire, and Public Works) completed the first annual scientific customer satisfaction survey to identify specific areas for improvement and quantifiably measure progress in those work plan areas being addressed in 2007-2008. Until now customer satisfaction was measured by anecdotal responses from self-selecting survey responses and informal verbal and written feedback. This data tended to capture the very satisfied customers and the very unsatisfied customers with little in between. This scientific survey will be completed annually, and this year's data provides a baseline for comparison that will be used for performance measures, budgetary decision, and process improvements. Overall customer satisfaction numbers are very positive. Among discretionary customers with projects requiring a public hearing, two-thirds (66%) were somewhat or very satisfied. Among ministerial customers with projects not requiring a public hearing, three-fourths (75%) were somewhat or very satisfied.

Community and Economic Development CSA

Core Service: Development Plan Review & Building Construction Inspection *Planning, Building and Code Enforcement Department*

Performance and Resource Overview (Cont'd.)

Development Plan Review & Building Construction Inspection Performance Summary		2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
 % of projects that receive thorough, complete and consistent processing in the first cycle of the staff review process:	Planning Permit Process	98%	90%	62%	80%
	Building Plan Check Process	90%	90%	90%	90%
	Building Inspection Process	88%	75%	90%	90%
 Ratio of current year fee revenue to development fee program cost		107%	94%	99%	91%
 Development projects completed within processing time targets:	Planning Permit Process	81%	100%	86%	85%
	Building Plan Check Process	77%	100%	79%	85%
	Building Inspection Process	94%	85%	95%	90%
 % of process participants rating service "good" or better	Planning Permit Process	53%	75%	50%	75%
	Building Plan Check Process	67%	75%	62%	75%
	Building Inspection Process	88%	75%	90%	75%
 % of residents surveyed who rate the quality of architecture and landscape design/maintenance in new development in their neighborhood as good or better		75%	75%	70%	75%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Number of building permits issued	32,651	33,000	27,127	30,000
Number of customers served in Permit Center	37,162	25,000	42,096	40,000
Number of plan checks	6,676	6,500	5,904	6,200
Number of field inspections	184,547	185,000	195,515	190,000
Number of planning applications - Major	640	600	557	575
- Minor	193	150	186	160
Number of planning adjustments	1,136	1,100	1,118	1,100

Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget: No

Community and Economic Development CSA

Core Service: Development Plan Review & Building Construction Inspection *Planning, Building and Code Enforcement Department*

Performance and Resource Overview (Cont'd.)

Development Plan Review & Building Construction Inspection Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 20,864,693	\$ 24,245,480	\$ 24,481,582	\$ 24,921,636	2.8%
Non-Personal/Equipment	1,261,989	2,065,891	1,436,147	2,352,147	13.9%
Total	\$ 22,126,682	\$ 26,311,371	\$ 25,917,729	\$ 27,273,783	3.7%
Authorized Positions	207.95	212.95	216.95	223.95	5.2%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Community and Economic Development CSA

Core Service: Development Plan Review & Building Construction Inspection *Planning, Building and Code Enforcement Department*

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY

1. Planning Fee Program	(4.50)	(422,001)	(422,001)
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This action bridges the gap between anticipated revenues of \$5.8 million and base expenditures of \$6.7 million in the Planning Fee Program by increasing fees an average of 8%. The elimination of a net 3.5 positions and shift of a Planner position from the Planning Fee Program to the Building Fee Program were approved in order to address the current year cost shortfall on an ongoing basis. The positions approved for elimination include a recently vacant Senior Planner, filled Planning Technician, and net 1.5 Planners by eliminating two filled Planner positions and realigning 0.5 Planner position from Community Development Block Grant funding to the Planning Fee Program. (Ongoing savings: \$470,287)

Performance Results:

Cycle Time It is anticipated that Planning Initial Comments Mailed within 30 days would decrease from the current 100% to 85% **Cost** To achieve full cost recovery, implements fee changes to match projected development activity at reduced service levels.

2. Planning Special Projects Staffing (CDBG)	(0.50)	(49,251)	0
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Eliminates a net 0.75 positions in Planning, Building and Code Enforcement (PBCE) to reflect a reduced need for environmental clearance review for Community Development Block Grant (CDBG) funded projects and staffing to conduct historic preservation studies to identify potential historic districts and conservation areas, develop pedestrian improvement plans for numerous low-income neighborhoods, renew the Action Agendas for Strong Neighborhoods Initiative areas, and assist with the preparation of neighborhood plan amendments. [In PBCE, actions include the elimination of a vacant Planning Technician and 0.50 Planner positions, and shift of 0.75 Planner position from the General Fund to CDBG funding in two core services, Long Range Land Use Planning and Development Plan Review and Building Construction Inspection.] In the Development Plan Review and Building Construction Inspection core service, the reallocation of 0.50 Planner position from CDBG to the Planning fee program was approved. (Ongoing savings: \$49,251)

Performance Results:

No change to service levels will result from this action as all CDBG projects that require the review of consultant-prepared Environmental Assessments and Environmental Impact Statements will be handled along with public/private development projects on a first come, first serve basis rather than with dedicated staff.

Community and Economic Development CSA

Core Service: Development Plan Review & Building Construction Inspection *Planning, Building and Code Enforcement Department*

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY (CONT'D.)

3. Vehicle Maintenance Staffing (2,000) (2,000)

This action generates city-wide vehicle maintenance and operations cost savings totaling \$69,154 (\$55,323 in the General Fund), resulting from the elimination of a vacant Equipment Mechanic Assistant position (vacant since June 2004) in the General Services Department. The cost savings in the Planning, Building and Code Enforcement Department, Development Plan Review & Building Inspection Core Service is \$2,000. No impacts to current service levels are anticipated with this reduction because of a decreased fleet size and the end, in 2006-2007, of the multi-year freeze on general fleet replacements which has resulted in the average age of the fleet decreasing. Vehicle replacements, however, are still subject to an exemption process managed by both the General Services Department and the City Manager's Office. (Ongoing savings: \$2,000)

Performance Results:

No impacts to current performance levels are anticipated as a result of this action.

4. Building Fee Program 9.00 933,902 933,902

In order to respond to projected activity levels, achieve agreed upon cycle time and quality standards, and bridge the gap between anticipated revenues of \$24.0 million and base expenditures of \$26.9 million, several actions were approved. A 5% increase to existing fees was approved (\$1.2 million) in addition to using a portion of the fee reserve (\$3,021,437). The reallocation of portions of 2.0 positions in the General Fund and the Planning Fee Program was also approved. This funding shift more effectively aligns resources with anticipated workload for 2007-2008.

The State of California, Building Standards Commission adopted the new 2006 International Building Code (IBC) for Building, Electrical, Plumbing, and Mechanical construction along with State amendments. It anticipated the new IBC will go into effect in January 2008. In order to ensure compliance with the new IBC requirements, several actions are included. Funding has been provided to train all building field inspectors and plan checkers in order to allow for uniform interpretation and application of new codes (\$50,000) and to purchase new code manuals (\$50,000). A total of eight temporary limit dated Inspectors (4.0) for nine months and Principal Permit Specialists (4.0) for 8 months will be authorized to continue serving customers in a timely manner while existing staff are pulled for training on IBC. In addition, it is anticipated that there will be a significant number of customer queries once the IBC is implemented. These additional resources will allow the program to remain at its performance targets of 90% of building inspections within 24 hours and 90% of building plan checks.

Community and Economic Development CSA

Core Service: Development Plan Review & Building Construction Inspection *Planning, Building and Code Enforcement Department*

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY (CONT'D.)

4. Building Fee Program (Cont'd.)

Funding has also been included for replacing aging printers, computers, monitors, and software updates (\$194,000) and replacing 10 aging vehicles (out of a fleet of over 60 vehicles) with clean fuel vehicles (\$250,000). In addition the elimination of a vacant Senior Architect/Landscape Architect and addition of a Program Manager II position was approved to focus solely upon walk-in customer issues at no additional cost in 2007-2008. (Ongoing costs: \$0)

Performance Results:

Cycle Time Building Fee program will achieve agreed upon response times for services. **Cost** To move closer to full cost recovery, implements phased fee changes to match projected development activity.

5. Permitting Process Improvements	2.00	199,900	199,900
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The addition of two temporary Planner positions to improve the permitting process was approved. These positions will support the Planning and Building development fee programs and are intended to assist in streamlining and simplifying the development process, shortening the review cycle and reducing permit processing times of providing development review services while addressing the structural imbalance that exists in the fee programs. For 2007-2008, the positions will be funded by the General Fund and not supported by the fee programs. (Ongoing costs: \$0)

Performance Results:

Cycle Time/Cost Planning Fee Program will streamline processes by making regulatory, code, and policy changes to facilitate moving small residential and commercial projects through the entitlement process faster and in a more cost-effective manner.

6. Green Building Program Planner	1.00	99,504	0
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The addition of a Planner position to review development projects at the entitlement phase of the Green Building Program was approved. This position would become the Green Building expert for Planning, Building and Code Enforcement and will train other project managers, review new projects and process entitlements to ensure that green building principles are incorporated during project planning. For 2007-2008, the position will be funded by a combination of Environmental Services Department's funds. (Ongoing costs: \$0)

Performance Results:

Cost The establishment of a Green Building Program to educate the public and staff on the benefits of green design techniques, reusing materials and reducing waste will eventually reduce the operating costs of facilities by installing energy efficient equipment.

Community and Economic Development CSA

Core Service: Development Plan Review & Building Construction Inspection *Planning, Building and Code Enforcement Department*

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY (CONT'D.)			
7. Rebudget: Building and Planning Fee Program Efficiency and Service Improvements		596,000	596,000
The rebudget of unexpended 2006-2007 funds will allow the Department to complete Contractual Plan Check contracts (\$150,000), Facility Improvements (\$145,000), replacements of building inspectors' vehicles (\$101,000), Public Address System (\$100,000), Architectural Review Committee (\$70,000), purchase of Updated International Building Code Books (\$20,000), and Address Database Update (\$10,000). (Ongoing costs: \$0)			
Performance Results: N/A (Final Budget Modification)			
2007-2008 Adopted Core Service Changes Total	7.00	1,356,054	1,305,801

Community and Economic Development CSA

Core Service: Fire Safety Code Compliance *Fire Department*

Core Service Purpose

Minimize loss of life and property from fires and hazardous materials releases. Provide on-site code inspections and code plan review services to the City of San José business community and residents in the San José service area, resulting in a fire and chemical safe environment.

Key Operational Services:

☐ Engineering (Development Review)

☐ Hazardous Materials (Development Review)

Performance and Resource Overview

The goal of the Fire Safety Code Compliance core service is to enforce the Fire and Health and Safety Codes. This goal is attained through customer education during the plan review consultations, inspection process, and enforcement. This core service contributes to the Community and Economic Development (CED) City Service Area outcome “*Safe, Healthy, Attractive and Vital Community*”.

The City-adopted California Fire Code requires inspections of all new and tenant-improvement construction related to fire and life safety. Site inspections prior to construction are required to ensure adequate water supply and fire apparatus access. In cooperation with its development services partners, the Planning, Building and Code Enforcement and Public Works Departments, the Fire Department continues with efforts to streamline the development permit and plan check review process, and provide customers with greater support to facilitate the permitting process.

Fire Fee Program Cost Recovery Status

By City Council policy, Fire Fee Program revenues should recover 100% of costs. In 2006-2007, the Fire Fee Program is estimated to meet cost recovery goals. Although plan check revenue is expected to end the year at slightly lower than estimated levels, expenditures are also expected to be lower than budgeted. In 2006-2007, three Associate Engineer positions were added to improve permitting cycle times and provide staff support for the Industrial Tool Installation (ITI) Program in conjunction with the Planning, Building and Code Enforcement Department. These newly approved positions were vacant for the greater part of the year while recruitment occurred, which generated salary savings.

Although the estimated level of fee activity in 2006-2007 is expected to continue for 2007-2008, the increase in costs related to delivering plan check and inspection services would result in a projected shortfall of \$335,028 for 2007-2008. A combination of actions to bridge the gap between

Community and Economic Development CSA

Core Service: Fire Safety Code Compliance

Fire Department

Performance and Resource Overview (Cont'd.)

Fire Fee Program Cost Recovery Status (Cont'd.)

anticipated revenues of \$4.6 million and expenditures of \$4.9 million are included in this budget to bring the Fire Fee Program to 100% cost recovery in 2007-2008. These actions include: a Fire Department development-related fee increase of 5% to cover increases in salary and benefits costs (\$229,500), elimination of a vacant Office Specialist position (\$61,462 savings, of which \$6,145 is displayed in this core service), and use of development fee reserves (\$110,066). Also included is the addition of \$28,000 for updated code books and \$38,000 for two vehicles for fire inspections.

Development Fee Program Performance

New Development Fee Program activity in 2006-2007 experienced lower plan check levels than that achieved in 2005-2006. Workload, however, remained at levels comparable to 2005-2006, largely due to continued work on projects submitted in 2005-2006. As previously discussed, additional resources were approved in 2006-2007 to improve permitting cycle times and to support the ITI Program. The hiring of new Engineers in March 2007 contributed to improved performance for Fire Plan Check processing targets, from 65% actual year-end performance in 2005-2006 to an estimated 70% in 2006-2007. As the new Engineers become familiar with development processes, performance is expected to improve further.





The performance for Fire Inspections within 24 Hours is expected to end the year at 81%, which is below the 2006-2007 target of 85%, and also below the 2005-2006 actual performance of 89%. The performance impact of the three Associate Engineers added in 2006-2007 has not yet been experienced, as these new personnel were able to conduct plan checks shortly after being hired, but needed additional training before performing fire inspection activities. Further improvements will be experienced in 2007-2008 once new staff is fully trained and in the field. In addition, the number of inspections the Department is estimated to complete in 2006-2007 is an 11% increase over the prior year.

The Fire Department is completing a Business Plan for all inspection and engineering programs. The Business Plan will enable program management to define resource allocation, and triggers for requesting any additional positions that may be required to meet program targets, while maintaining cost recovery status.

Community and Economic Development CSA

Core Service: Fire Safety Code Compliance Fire Department

Performance and Resource Overview (Cont'd.)

Fire Safety Code Compliance Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
 % of projects that receive thorough, complete and consistent processing in the first cycle of the staff review process - Fire Plan Check - Inspections	N/A*	90%	N/A*	90%
	N/A*	85%	N/A*	85%
 Ratio of estimated current year fee revenue to fee program cost**	102%	100%	100%	100%
 Selected cycle time measures for Development services: - Fire Plan Check processing targets met - Fire inspections within 24 hours	65%	100%	70%	100%
	89%	85%	81%	85%
 % of Development process participants rating service as good or excellent	73%	75%	80%	85%

Changes to Performance Measures from 2006-2007 Adopted Operating Budget: No

* Due to staffing constraints, senior staff members who would have provided this additional review focused instead on plan check and inspections to meet customer needs. Insufficient data is available to provide accurate and reliable figures.

** Any amount over cost recovery will be placed in the Fire Department - Fee Supported Reserve for use in this program.

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Plan Reviews Performed	4,768	4,500	4,800	4,800
Inspections Performed	6,034	6,000	6,700	6,700

Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget: No

Fire Safety Code Compliance Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 1,641,675	\$ 2,713,886	\$ 2,806,792	\$ 2,800,647	3.2%
Non-Personal/Equipment	103,885	85,114	85,114	151,114	77.5%
Total	\$ 1,745,560	\$ 2,799,000	\$ 2,891,906	\$ 2,951,761	5.5%
Authorized Positions	18.25	21.25	21.50	21.40	0.7%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Community and Economic Development CSA

Core Service: Fire Safety Code Compliance *Fire Department*

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY			
1. Fire Fee Program	(0.10)	59,855	59,855
<p>This action bridges the gap between anticipated revenues of \$4.6 million and base expenditures of \$4.9 million in the Fire Fee Program by a combination of actions including a 5% fee increase, eliminating a vacant Office Specialist II position (1 of 8), and use of the fee reserve (\$110,066). Savings from a portion of the Office Specialist II position (\$6,145) is displayed in this core service, with the remaining savings (\$55,317) displayed in the Fire Department's Strategic Support section of this document. A reduction in administrative support, currently experienced as a result of this vacancy, will continue. Also included in this action are one-time costs to purchase two additional vehicles (\$38,000) to maintain inspection cycle times and updated code books (\$28,000) to maintain the quality of the plan review process. (Ongoing savings: \$6,145)</p>			
Performance Results:			
Cost These actions will balance revenue and expenditures to achieve full cost recovery. Cycle Time The purchase of additional vehicles will provide staff the resources to help improve cycle time targets for inspections performed within 24 hours.			
2007-2008 Adopted Core Service Changes Total	(0.10)	59,855	59,855

Community and Economic Development CSA

Core Service: Increase the Affordable Housing Supply *Housing Department*

Core Service Purpose

Provide funding and technical assistance for the creation of new affordable housing and homebuyer assistance.

Key Operational Services:

☐ Make Loans to Developers

☐ Provide Homebuyer Assistance

Performance and Resource Overview

This core service increases the supply of affordable housing by funding the construction of new housing units and by improving homeownership opportunities for San José residents. In the construction program, low-interest gap loans are provided to housing developers for the construction of rental housing projects that are affordable to households with extremely low- to low-incomes. The homeownership program, which includes the Teacher Homebuyer Program, provides assistance by providing down payment assistance and second mortgages as well as working in partnership with a number of organizations to serve San José residents seeking homeownership opportunities. In 2006-2007, the Increase the Affordable Housing Supply Core Service appeared in the Neighborhood Services City Service Area. In 2007-2008, this core service moves back to the Community and Economic Development City Service Area and contributes to the outcome: *Diverse Range of Housing Options*.






In 2006, the City exceeded the goal of producing 10,000 affordable housing units (under construction and completed) in the eight-year period from 1999 through 2006, with over 12,200 units achieved. In 2007-2008, the City will focus attention on meeting the housing needs target established by the Association of Bay Area Governments (ABAG). Every seven years, ABAG completes an in-depth analysis of the housing needs of cities throughout the region, setting targets for market-rate and affordable housing, and will be providing a new Regional Housing Needs Assessment in 2007. The City will continue to explore innovative funding in the pursuit of this goal. The Department expects to utilize up to \$39.0 million to finance the construction of new affordable housing units in 2007-2008.

The Teacher Homebuyer Program (THP) provides loans of up to \$65,000 to teachers in San Jose schools to assist them in purchasing homes. In 2007-2008, the Housing Department will fund the program with \$4.0 million, providing approximately 62 loans. In addition, in 2006-2007, the City launched a pilot program with San José State University to provide homebuyer loans to tenure-track teachers to purchase their first homes. In 2007-2008, this program may be expanded to include other educational professionals at the University. Operating under guidelines similar to the THP, the pilot program will provide loans of up to \$60,000. Funding for the pilot is \$1.0 million, half of which is funded from 20% Redevelopment Tax Increment Revenue and half from the University.

Community and Economic Development CSA

Core Service: Increase the Affordable Housing Supply Housing Department

Performance and Resource Overview (Cont'd.)

Increase the Affordable Housing Supply Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
 % of annual target achieved for production of affordable housing	NEW	NEW	NEW	100% (607)
 % of annual target achieved for homebuyer clients assisted	NEW	NEW	NEW	100% (353)
 Cumulative ratio of non-City funds to City funds over the last five years in the New Construction Program	2.4:1	3.0:1	2.74:1	3.0:1
 % of new construction units completing construction within 36 months of initial City funding commitment	66%	90%	42% ²	50%
 % of homebuyer clients (approved or denied) satisfied or very satisfied with the programs based on overall service ³	100%	90%	100%	90%

Changes to Performance Measures from 2006-2007 Adopted Operating Budget: Yes¹

¹ Changes to Performance Measures from 2006-2007 Adopted Budget:

U “% of cumulative target achieved toward 1999-2006 affordable housing production goal of 10,000 units” was revised to reflect a new, updated target set by the Association of Bay Area Governments.

U “% of annual Teacher Homebuyer Loans target achieved” was revised to include all homebuyer program activity.

U “Cumulative ratio of non-City funds to City funds in 2002-2007 New Construction Program” was revised to accommodate the City’s new goals for affordable housing production.

X “% of Teacher homebuyer loans funded within 15 days of receipt of complete loan application package” was deleted. This 15-day goal used in this measure is arbitrary and does not result in quality management information.

X “% of developers satisfied or very satisfied with the Department based on timeliness in processing financing” was deleted. The sample size for this measure was too small to provide valuable measurement information.

² More delays have been experienced in recent years due to the complexity and number of different funding sources to achieve the deepest possible affordability, especially for extremely-low income units, which require multiple layers of financing.

³ Only the Teacher Housing Program (THP) is surveyed.

Community and Economic Development CSA

Core Service: Increase the Affordable Housing Supply *Housing Department*

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Number of homebuyers assisted:				
-Teacher Homebuyer Program	58	70	70	70
-Inclusionary Units	NEW	90	98	243
-Other City Efforts	NEW	25	40	40
Total	N/A	185	208	353
Number of affordable housing units completed in the fiscal year.	1,416	619	1,688	607
Average per-unit subsidy in funding commitments for new construction projects (\$)	66,900	71,400	83,094	90,000

Changes to Activity & Workload Highlights from 2006-2007 Adopted Operating Budget: Yes¹

¹ Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget:

☺ “Number of teacher homebuyers assisted” was revised to clearly break down the City’s specific efforts as related to homebuyer programs. In addition, the measure now includes tracking households assisted by the inclusionary program, which is a growing program and should be tracked individually.

✗ “Number of other homebuyers assisted” was deleted as this measure is now included in the “Number of homebuyers assisted.”

✗ “Number of total homebuyers assisted” was deleted as this measure is now included in the “Number of homebuyers assisted.”

☺ “Number of affordable housing units completed” was revised to accommodate the City’s new goals for affordable housing production.

Community and Economic Development CSA

Core Service: Increase the Affordable Housing Supply *Housing Department*

Performance and Resource Overview (Cont'd.)

Increase the Affordable Housing Supply* Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget **					
Personal Services	\$ 1,038,128	\$ 1,143,403	\$ 1,165,324	\$ 1,165,324	1.9%
Non-Personal/Equipment	86,481	149,227	148,827	148,827	(0.3%)
Total	\$ 1,124,609	\$ 1,292,630	\$ 1,314,151	\$ 1,314,151	1.7%
Authorized Positions	9.35	9.35	9.35	9.35	0.0%

* In 2006-2007, the Increase the Affordable Housing Supply Core Service appeared in the Neighborhood Services CSA.

** The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
NONE			

Community and Economic Development CSA

Core Service: Long Range Land Use Planning *Planning, Building and Code Enforcement Department*

Core Service Purpose

Develop land use plans and policies to guide the future physical growth of the City.

Key Operational Services:

- | | |
|--|---|
| <input type="checkbox"/> City-wide Land Use Planning
(General Plan) | <input type="checkbox"/> Specific/Area Planning |
| <input type="checkbox"/> Historic Preservation | <input type="checkbox"/> Neighborhood Revitalization |
| | <input type="checkbox"/> Policy/Ordinance Development |

Performance and Resource Overview

The following are desired outcomes of this core service: a General Plan that is kept relevant and current through the incorporation of approved amendments; a Zoning Code that is clear and current; and land use plans, maps, and documents that are clear, comprehensive, and accessible to customers. This core service contributes to two of the three outcomes of the Community and Economic and Development City Service Area: 1) *Strong Economic Base*; and 2) *Safe, Healthy, Attractive and Vital Community*.

Long Range Land Use Planning Overview

In addition to developer-funded planning efforts (i.e., Coyote Valley Specific Plan) the City continues to perform limited long range planning work with City funds including implementation of the North San José Vision Strategy; annexations of County pockets; Council-initiated General Plan and policy changes; planning associated with the implementation of Strong Neighborhoods Initiative (SNI) plans; and limited proactive policy and regulatory work to advance the City's adopted Economic Strategy. Each of these activities directly addresses City Council priorities.

Formal initiation of the General Plan Update process was approved by City Council in June 2007. A new plan will assist policy makers and development interests in shaping a positive future for the community. Preliminary work started in 2006-2007 included identifying stakeholders, beginning community education, and conducting outreach activities.

Staff Resources

While this Adopted Budget does not include long range planning staff cuts, reductions from prior years continue to impact the capacity of staff to take on new assignments. In addition, dedicated limit-dated staffing supports the Coyote Valley Specific Plan (CSVP). These positions are scheduled for elimination upon completion of the CSVP in late 2007.

Community and Economic Development CSA

Core Service: Long Range Land Use Planning *Planning, Building and Code Enforcement Department*

Performance and Resource Overview (Cont'd.)

Staff Resources (Cont'd.)

This budget maintains continued funding of a Planner position to work on the annexation of unincorporated islands with the City limits. These proposed annexations will be processed in batches through 2008-2009. To support the General Plan Update, four additional positions in Planning, Building and Code Enforcement and funds to support staff in several other departments were approved in 2007-2008. These approved resources are in addition to the Senior Planner and Planner positions that were approved in 2006-2007 to begin this work effort. The Update is anticipated to be completed in 2009-2010.

City-Wide Land Use Planning

Since 2003-2004, four General Plan hearings per year have been scheduled. In 2007-2008, the number of General Plan hearings will be reduced to two – one in the spring and another in the fall. The spring 2007 General Plan hearing allowed the processing of privately initiated General Plan amendments submitted prior to 2007 that were ready for public hearing to be addressed. Following the spring 2007 hearing, a single General Plan Review will occur each fall. Prior to 2001, the City conducted a single General Plan Review in the fall. Re-establishing the fall Annual Review of the General Plan will facilitate a more comprehensive assessment of the implications from the cumulative loss of industrial land in the context of the jobs/housing balance, potential loss of revenue and other impacts to the City. This approach is consistent with the recommendations of the Mayor as stated in his memorandum to the Rules and Open Government Committee on January 17, 2007. The concept of the Annual Review is also in alignment with the Global View recommendations of Mayor Reed's Transition Committee, as stated in the Committee's Final Recommendations report to the Mayor dated January 8, 2007. Resources have been reallocated to this function because it is fee-based. As applications increase, additional resources commensurate with increased fee revenue may be needed in order to meet performance goals.

General Plan Update

The last comprehensive update of San José's General Plan was adopted in 1994. Given the significant growth issues facing the City, another comprehensive update is needed to allow City staff and the City Council to engage the community in preparing a land use vision to direct future growth while preserving the quality of life in neighborhoods. A new plan will assist policy makers in shaping a positive future for the community. It is estimated that the General Plan update process will take two to three years and cost approximately \$3.2 million (plus approximately \$1.5 million in already budgeted staff resources). State law allows local governments to levy a fee on development permits to pay the costs of a comprehensive update of their General Plan. It is anticipated that revenue from the General Plan Update fee that was implemented in 2003-2004 and funds already set aside in the General Plan Update Reserve will cover the project's estimated \$1 million cost of contractual services (included in \$3.2 million estimate above).

Community and Economic Development CSA

Core Service: Long Range Land Use Planning *Planning, Building and Code Enforcement Department*

Performance and Resource Overview (Cont'd.)

General Plan Update (Cont'd.)

By adopting MBA #25 as part of the final 2004-2005 Adopted Operating Budget package, the City Council approved a timetable for the two-year process beginning in mid-2006. The Mayor's March Budget Message moved the timetable back 6 months to January 2007 to coincide with the next Mayor and Council taking office, but recommended that additional funding be set aside for the project. Funds were approved, beginning in January 2007 for the addition of a Planner and a Senior Planner position to support these efforts. This project will also require the redeployment of a Planner from the long-range planning Special Projects Team, the participation of staff from almost all City Departments and Offices, and the extensive involvement of the PBCE Director and the Planning Official.

Strong Neighborhoods Initiative and Special Projects Team

The SNI Team continues to implement planning actions associated with the 19 approved SNI Neighborhood Improvement Plans. Working with the community and property owners, staff is proactively initiating and processing General Plan amendments and rezoning proposals intended to reflect the action items in the adopted SNI Plans, facilitate development and reinvestment in these neighborhoods, and protect existing character of the neighborhood. In 2007-2008, this group will focus on renewing the action agendas for the 19 SNI Areas and creating action agendas for three new pilot neighborhoods.

The Special Projects Team is responsible for other special projects. Staff is currently working on the implementation of the North San José Area Development Policy to facilitate economic, housing and mixed-use development, and the annexation of small County pockets. Contractual funding totaling \$150,000 has been added to update the current out-of date sign ordinance in accordance with other City design objectives. This will expand signage options for applicants and make it easier for City staff reviewing applications by providing updated guidelines.




Major Plans

Per the adopted Council Budget Strategy, new advance planning efforts must now be funded by outside sources. The Coyote Valley Specific Plan is underway and is expected to be completed in late 2007. This major, highly visible, and community-based planning effort requires intensive inter-departmental and inter-agency coordination as well as day-to-day project management to meet the aggressive schedules established.

Community and Economic Development CSA

Core Service: Long Range Land Use Planning Planning, Building and Code Enforcement Department

Performance and Resource Overview (Cont'd.)

Long Range Land Use Planning Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
 % of special planning efforts completed within targeted cost: Specific/Area Policy Plans:	100%	100%	100%	100%
 % of special planning efforts completed within targeted time: Specific/Area Policy Plans:	0%*	100%	100%	100%
 % of planning process participants rating service as "good" or "excellent"	85%	85%	85%	85%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

* The original timetables for both the Evergreen East Hills Vision Strategy (EEHVS) and Coyote Valley Specific Plan (CVSP) had completion scheduled for 2005-2006. EEHVS was completed in 2006-2007 and CVSP is tentatively scheduled for completion in mid-2007-2008.

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Number of Scheduled/Completed Specific/Area Policy Plans	0 of 2*	2 of 2	1 of 2	2 of 2
Number of planning policy studies	0 of 0	0 of 0	0 of 0	0 of 0
Number of General Plan Amendments	15	50	26	25

Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget: No

* The original timetables for both the Evergreen East Hills Vision Strategy (EEHVS) and Coyote Valley Specific Plan (CVSP) had completion scheduled for 2005-2006. EEHVS was completed in 2006-2007 and CVSP is tentatively scheduled for completion in mid-2007-2008.

Community and Economic Development CSA

Core Service: Long Range Land Use Planning *Planning, Building and Code Enforcement Department*

Performance and Resource Overview (Cont'd.)

Long Range Land Use Planning Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 2,033,603	\$ 2,737,496	\$ 2,938,569	\$ 2,858,004	4.4%
Non-Personal/Equipment	134,547	325,118	314,744	509,744	56.8%
Total	\$ 2,168,150	\$ 3,062,614	\$ 3,253,313	\$ 3,367,748	10.0%
Authorized Positions	30.45	35.95	26.95	36.95	2.8%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY

1. Planning Special Projects Staffing (CDBG) (1.00) (80,565) (79,486)

This action eliminates a net 0.75 positions in Planning, Building and Code Enforcement (PBCE) to reflect a reduced need for environmental clearance review for Community Development Block Grant (CDBG) funded projects and staffing to conduct historic preservation studies to identify potential historic districts and conservation areas, develop pedestrian improvement plans for numerous low-income neighborhoods, renew the Action Agendas for Strong Neighborhoods Initiative areas, and assist with the preparation of neighborhood plan amendments. In PBCE, actions include the elimination of a vacant Planning Technician and 0.50 Planner positions, and shift of 0.75 Planner position from the General Fund to CDBG funding in two core services, Long Range Land Use Planning and Development Plan Review and Building Construction Inspection. In the Long Range Land Use Planning Core Service, a Planning Technician is proposed for elimination and the reallocation of 0.75 Planner position from the General Fund to CDBG funding. (Ongoing savings: \$80,565)

Performance Results:

No change to service levels will result from this action as all CDBG projects that require National Environmental Policy Act review will be handled along with public/private development projects on a first come, first serve basis rather than with dedicated staff.

Community and Economic Development CSA

Core Service: Long Range Land Use Planning *Planning, Building and Code Enforcement Department*

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY (CONT'D.)

2. Comprehensive General Plan Update	4.00	0	0
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This addition provides additional resources to complete a Comprehensive General Plan Update, as directed by the City Council in the Mayor's March Budget Message for Fiscal Year 2007-2008 and previously in the Mayor's June Budget Message for Fiscal Year 2006-2007. The last comprehensive update was adopted in 1994. Traditionally, General Plans undergo a comprehensive update every ten years. The positions approved are a Principal Planner, Planner, Senior Office Specialist and Geographic Systems Specialist and are necessary to allow City staff and City Council to engage the community in preparing a land use vision to direct future growth while preserving the quality of life in neighborhoods. The funding for these positions appears in the City-Wide Expenses section of this document. (Ongoing costs: \$0)

Performance Results:

Quality/Customer Satisfaction An updated Comprehensive General Plan will provide development applicants and the City Council with a current framework for land use investments and decisions.

3. Sign Ordinance Update		150,000	150,000
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As directed in the Mayor's March Budget Message, as approved by the City Council, this action establishes one-time funding in the amount of \$150,000 to retain a consultant team to completely rewrite the city-wide sign ordinance to offer expanded signage flexibility. The Redevelopment Agency will provide \$75,000 to offset a portion of the costs. This effort will provide benefit city-wide but will be primarily focused on the two areas that have the most interest in expanded signage (Downtown and North San José). (Ongoing costs: \$0)

Performance Results:

Quality This 18-month effort will provide signage opportunities that support the City's current economic development and urban design objectives.

4. Special Long Range Planning Efforts	7.00	0	0
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A technical adjustment was approved to extend the limit dates for seven positions authorized to support the planning efforts of the Coyote Valley Specific Plan (2.0 Planner, 1.0 Senior and 2.0 Principal Planners, 1.0 GIS Specialist and 1.0 Office Specialist positions until December 31, 2007). The funding for these positions, which is reimbursed by the developers, appears in the City-Wide expenses section of this document. (Ongoing costs: \$0)

Performance Results:

Cycle Time These resources will allow for the completion of the Coyote Valley Specific Plan without impacting existing workload.

Community and Economic Development CSA

Core Service: Long Range Land Use Planning *Planning, Building and Code Enforcement Department*

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY (CONT'D.)			
5. Rebudget: Neighborhood Revitalization and Comprehensive General Plan Update		45,000	45,000
The rebudget of unexpended 2006-2007 funds will allow for the support of Neighborhood Revitalization efforts (\$30,000) and Comprehensive General Plan Update Outreach efforts (\$15,000). (Ongoing costs: \$0)			
Performance Results: N/A (Final Budget Modification)			
2007-2008 Adopted Core Service Changes Total	10.00	114,435	115,514

Community and Economic Development CSA

Core Service: Maintain the Existing Affordable Housing Supply *Housing Department*

Core Service Purpose

This core service provides rehabilitation loans and grants and construction oversight to extend the useful life of affordable housing, including single-family homes, mobile homes and multi-family buildings. In addition, this core service provides loan servicing and portfolio oversight to protect the City's investments, ensures the affordable units remain affordable, provides Rental Dispute services to community residents to ensure rent increases are controlled, and assists clients with eviction notices.

Key Operational Services:

Loan Compliance and Collections
Rental Rights and Referral
Services

Housing Rehabilitation

Performance and Resource Overview

Maintaining the existing supply of affordable housing involves three distinct activities. The first is the physical maintenance of buildings to extend their life, including both small-scale rehabilitation of single-family homes, multi-family apartments, and mobile home units and the acquisition/rehabilitation of large apartment complexes. The second is providing assistance to renters and rental property owners through the Rental Rights and Referrals Program. The third is ensuring that housing units subject to long-term affordability restrictions remain affordable and well maintained for the term of the restriction and safeguarding City assets through management and collection of loans. In 2006-2007, the Maintain the Existing Affordable Housing Supply core service appeared in the Neighborhood Services City Service Area (CSA). In 2007-2008, this core service moves back to the Community and Economic Development CSA and contributes to the outcome: *Diverse Range of Housing Options*.

Housing Rehabilitation

The City offers a number of programs to San José residents and property owners seeking to maintain and/or improve the condition of their properties. These programs currently provide low-interest or interest-free loans or grants to low-income homeowners to perform critical repairs from replacing substandard systems such as bathrooms, kitchens, roofs, and hot water systems to removing lead based paint and providing new exterior paint.

The housing rehabilitation program has been a critical component of the partnership between the City and the Strong Neighborhoods Initiative (SNI) communities to revitalize neighborhoods. The program will continue to provide loans and grants and construction oversight to extend the

Community and Economic Development CSA

Core Service: Maintain the Existing Affordable Housing Supply *Housing Department*

Performance and Resource Overview (Cont'd.)

Housing Rehabilitation (Cont'd.)

useful life of affordable housing, including single-family homes, mobile homes and special SNI Rehabilitation Multi-family projects.

This budget includes the addition of a Housing Policy and Planning Administrator (HPPA) position to oversee the Housing Rehabilitation Program. This new position will be responsible for leading the Rehabilitation Program staff of sixteen and for representing the Department in its involvement with the Strong Neighborhoods Initiative. Additionally, the HPPA will be responsible for ensuring compliance with the many requirements of multiple State and federal funding sources for rehabilitation including CalHome, Workforce Housing, CDBG, and HOME funds.

For 2007-2008, \$6.25 million for housing rehabilitation projects is programmed, with funding coming from: Low and Moderate Income Housing (20% Tax Increment) funds (\$2 million for rehabilitation and \$1 million for paint projects), Community Development Block Grant (CDBG) (\$2.5 million), and CalHome (\$750,000) funds. In addition, the Department will partner with the San José Redevelopment Agency on several SNI demonstration projects to be funded by the Agency, including Project Alliance which expands the SNI program to newly designated neighborhoods with a total combined budget of over \$900,000.

Rental Rights and Referrals

The Rental Rights and Referrals Program provides mediation services in cases of tenant/landlord disputes, and information and referrals to tenants and landlords on their rights and responsibilities. The program is funded through fees to rent-controlled apartments (\$9.09 annually per apartment), mobilehomes (\$6.26 annually per mobilehome space) and non-rent controlled apartments (\$.50 annually per apartment). In 2006-2007, it was determined that the program had accumulated sufficient fund reserves to fund a full year of services to rent-controlled apartments. Therefore, fees for rent-controlled apartments are scheduled to be deferred for 2007-2008. At the end of 2007-2008, program costs and fee revenues will be re-evaluated and a fee structure will be proposed that will ensure that each segment of the program will be self-sustaining.

Loan Compliance and Collections

The Housing Department has a portfolio of over \$500 million in loans for multi-family affordable housing projects, rehabilitation loans to low-income homeowners, and homebuyer loans to low- and moderate-income households. The loans are monitored for compliance with the terms of the loans and the payment schedules. The Loan Compliance Unit ensures that affordable housing projects are properly managed and maintained, and that they are kept affordable to low- and moderate-income residents. The Loan Collections Unit ensures that housing loan payments are paid in a timely manner, and takes the necessary enforcement action when financial, regulatory or contractual obligations are not met. The repaid loans are then made available for other housing projects.






Community and Economic Development CSA

Core Service: Maintain the Existing Affordable Housing Supply *Housing Department*

Performance and Resource Overview (Cont'd.)

Loan Compliance and Collections (Cont'd.)




As a result of the City's investment in affordable housing throughout San Jose and the utilization of a growing number of funding sources, the Housing Department's loan portfolio has grown larger and more complex. In addition, there has been a recent increase in the number of projects with inclusionary affordable housing units that must be tracked and monitored for compliance with affordability restrictions. These trends have lead the Department to add an additional Housing Policy and Planning Administrator position, which will ensure that all asset-related functions are housed in a single place and will manage the portfolio.

Maintain the Existing Affordable Housing Supply Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
 Monetary default rate of loan portfolio by category:				
% of total loan principal:				
1. Project Loans	2.6%	<4%	1%	<4%
2. Rehabilitation Loans	3.4%	<4%	2%	<4%
3. Homebuyer Loans	0.2%	<2%	2%	<1%
% of total loans:				
4. Project Loans	3.4%	<4%	3%	<4%
5. Rehabilitation Loans	2.0%	<4%	2%	<4%
6. Homebuyer Loans	0.7%	<1%	3%	<1%
 % of tenant/landlord mediations that resulted in mutual agreement	NEW	NEW	NEW	65%
 % of small rehabilitation projects completed within 6 months of approval	44%	75%	38%	75%
 % of all non-mobile home rehabilitation project funds approved within SNI neighborhoods	52%	75%	53%	75%
 % of all rehab program funds that are loaned versus granted	17%	25%	35%	25%

Community and Economic Development CSA

Core Service: Maintain the Existing Affordable Housing Supply Housing Department

Performance and Resource Overview (Cont'd.)

Maintain the Existing Affordable Housing Supply Performance Summary		2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
	% of rehabilitation, mobile home, and paint-grant clients satisfied or very satisfied based on overall service	94%	95%	90%	90%
	% of loan management clients satisfied or very satisfied based on overall service	100%	85%	87%	90%
	% of project occupants rating units good or excellent based on value, project amenities and maintenance	75%	80%	70%	75%

Changes to Performance Measures from 2006-2007 Adopted Operating Budget: Yes¹

¹ Changes to Performance Measures from 2006-2007 Adopted Budget:

U “Default rate of loan portfolio by category (includes both declared and non-declared defaults)” was revised to provide a clearer measurement of the asset management function.

X “% of loan payments collected out of scheduled total payments due to the City” was deleted; as it duplicated the information reported in “Monetary default rate of loan portfolio by category.”

+ “% of tenant/landlord mediations that resulted in mutual agreement” measure was added to replace the Activity and Workload Highlights “Number of clients assisted with eviction notices.” The new measure captures a larger effort by the program to resolve all types of tenant/landlord conflicts, not just those related to eviction.

X “% of emergency repair needs completed within 15 days of qualification to completion of critical repair” was deleted. The number of projects in this category is extremely small, and therefore is not very informative.

X “% of large rehabilitation projects completed within 12 months from approval” was deleted. The number of projects in this category was extremely small, and therefore is not very informative.

X “% of paint grant projects completed within 6 months from complete application to project completion” was deleted as this program has not been funded for three years, therefore the measure is no longer useful.

X “% of rehabilitation projects that are under \$55,000 per unit” was deleted. Due to several program changes, large and small projects are now defined by the amounts requested in the form of a grant versus a loan. The \$55,000 level of investment is now arbitrary.

X “Cumulative ratio of non-City to City funds in acquisition/rehabilitation projects since 1/1/1999” was deleted. The data for this measure was overstated, and was not useful to the Department.

X “% of Rental Rights and Referrals Program clients satisfied or very satisfied with overall service based on client survey” was deleted as the sample size for this measure was small, producing results that are not statistically valid.

Community and Economic Development CSA

Core Service: Maintain the Existing Affordable Housing Supply Housing Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Number of rehabilitation projects completed				
1. Rehabilitation Projects	114	175	88	175
2. Paint Projects	0	75	0	75
3. Mobile home projects	114	100	149	100
Total:	228	350	237	350
Number of rehabilitation applications approved or cancelled				
1. Rehab, conventional homes	90	85	61	85
-Non-SNI neighborhoods	67	75	48	75
2. Mobile home projects	180	100	206	100
3. Paint projects	0	75	0	75
Total:	337	335	315	335
Number of Rehabilitation Program pre-application inspections	370	300	356	300
Size of Housing Department loan portfolio by category:				
Total loan principal (\$):				
1. Project Loans	458,943,362	498,019,400	467,411,701	494,000,000
2. Rehabilitation Loans	16,483,122	16,221,450	15,087,418	16,285,670
3. Homebuyer Loans	30,813,004	51,941,800	39,043,727	42,948,100
Total	506,239,488	566,182,650	521,542,846	553,233,770
Total number of loans:				
4. Project Loans	153	154	151	155
5. Rehabilitation Loans	459	473	450	456
6. Homebuyer Loans	695	804	890	877
Total	1,307	1,431	1,491	1,488
Number of Loan Management transactions (refinances, subordinations, assumptions)	1,828 ²	500	300	400
Number of units inspected on major projects in loan portfolio	1,548	1,200	1,200	1,200
Number of unduplicated Rental Rights & Referrals program clients	1,780	2,400	1,536	1,700

Changes to Performance Measures from 2006-2007 Adopted Operating Budget: Yes¹

¹ Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget:

✕ "Number of clients assisted with eviction notices" to be deleted and replaced with the performance measure "% of tenant/landlord mediations that resulted in mutual agreement." This new language captures a larger effort by the program to resolve all types of tenant/landlord conflicts, not only those related to eviction.

² In 2005-2006, data reported included telephone transactions with title companies. Moving forward, this data excludes telephone transactions with title companies.

Community and Economic Development CSA

Core Service: Maintain the Existing Affordable Housing Supply *Housing Department*

Performance and Resource Overview (Cont'd.)

Maintain the Existing Affordable Housing Supply* Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget **					
Personal Services	\$ 2,969,794	\$ 3,377,084	\$ 3,409,510	\$ 3,639,622	7.8%
Non-Personal/Equipment	90,418	496,510	494,510	499,510	0.6%
Total	\$ 3,060,212	\$ 3,873,594	\$ 3,904,020	\$ 4,139,132	6.9%
Authorized Positions	30.90	31.90	31.20	33.20	4.1%

* In 2006-2007, the Maintain the Existing Affordable Housing Supply Core Service appeared in the Neighborhood Services CSA.

** The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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DIVERSE RANGE OF HOUSING OPPORTUNITIES

1. Housing Program Management Staffing	2.00	235,112	0
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This action adds two Housing Policy and Planning Administrator (HPPA) positions to oversee the Department's Asset Management Program and the Housing Rehabilitation Program. The Asset Management HPPA position will oversee Loan Compliance, Loan Collections, and Inclusionary and Bond Compliance teams. In addition to overseeing these teams, this HPPA will work to develop best practices related to monitoring loans and enforcing requirements in the City's portfolio. With the decline in resources for SNI efforts, the City, Redevelopment Agency, and community have looked to the Housing Rehabilitation Program to meet the needs of the Community. As a result, this program anticipates completing over 300 new rehabilitation projects in 2007-2008. The Rehabilitation HPPA position will manage the Department's growing rehabilitation workload as well as ensure compliance with new State and federal funding sources. This position will provide the necessary leadership to meet the needs and expectations of the SNI community as well as the Greater San José community.

Performance Results:

Quality The increased staffing will result in improved monitoring of the City's growing loan portfolio and rehabilitation program workload.

2007-2008 Adopted Core Service Changes Total	2.00	235,112	0
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Community and Economic Development CSA

Core Service: Outdoor Special Events City Manager – Office of Economic Development

Core Service Purpose

To attract, coordinate, support and produce outdoor special events on public and private property, and manage supporting programs.

Key Operational Services:

- | | |
|---|---|
| <input type="checkbox"/> Attract / Recruit New Signature Special Events | <input type="checkbox"/> Support Development / Improvement of Existing Special Events |
| <input type="checkbox"/> Coordination and Support for Special Events | <input type="checkbox"/> Development/Enforcement of Event Policies/Guidelines |
| <input type="checkbox"/> Special Event Development and Production | <input type="checkbox"/> Special Event Grant Support |

Performance and Resource Overview

The Outdoor Special Events core service supports the *Strong Economic Base* and *Diverse Range of Quality Events, Cultural Offerings, and Public Artworks* outcomes in the Community and Economic Development City Service Area. Housed in the Office of Cultural Affairs (OCA), a division of the Office of Economic Development, this core service supports the recruitment, production, and attraction of new “signature” special events to drive economic impact and enhance community vitality; oversees all special event planning; coordinates the delivery of services from multiple City departments to support events; permits and authorizes special events on public and private property throughout the City; develops policies, regulations, and ordinances related to special events; takes a lead role in event sponsorship development; administers a special events grant program; and is a key participant in planning new or improved outdoor event venues.

In 2006-2007, the Special Events Program continued to ramp up its coordination of “signature” events. In addition to the two returning signature events – the 2006 *San José Grand Prix* and the 2007 *Amgen Tour of California* – the *Rock ‘n’ Roll Half Marathon* and the inaugural *ZeroOne Festival* were launched in 2006. The *Rock ‘n’ Roll Half Marathon* attracted thousands of runners, professional and amateur, from around the world, nation, and region. The inaugural *ZeroOne San José “Global Festival of Art on the Edge”* transformed indoor and outdoor Downtown venues into showcases for San José’s international leadership in the creative intersection of art and technology. Event teams, consisting of various staff from City departments, were formed for these events each with a specific focus, working directly with event producers, Downtown business venues, and neighborhood groups to successfully launch these major events.

The Special Events Program also designs and produces special City events on an as-needed basis, such as the February 2007 *Webcor San José King of the Mountain Ride*. The Program also participates in special projects such as the *San José State University 150th Anniversary Celebration*, and provides a broad range of event planning and expertise for local and national promoters.

Community and Economic Development CSA

Core Service: Outdoor Special Events *City Manager – Office of Economic Development*

Performance and Resource Overview (Cont'd.)

A key challenge for this core service is the number, size, and complexity of events and how to incorporate them into the community, while maintaining normal business activity and neighborhood integrity. Community outreach and business coordination has become a main function of the Special Events Program. Extensive community outreach is required for large-scale signature events such as the *San José Grand Prix*, which occupies key Downtown streets and venues for up to one week; and the *Amgen Tour of California* and *Rock 'n' Roll Half Marathon*, which are conducted on miles of City streets running through neighborhoods and business districts. The implementation of the Customer Service Voicemail, through which the public can solicit event information around the clock with a 24-hour staff response time, and the focused distribution of event information, including traffic impacts, through the U.S. Postal Service, are the service standards for all signature events. These two methods of communication have been an extremely effective tool for both the community and event promoters.

With the new emphasis on City investment in partnerships that bring significant, large special events – driving hotel room nights and promoting the City nationally and internationally – the Special Events Program staff implemented the Destination Event Marketing Grant, a pilot competitive grant opportunity to transform successful local events into “destination” events. The City’s specific goal in offering these grants was to stimulate an increase in Transient Occupancy Tax and other tax revenues resulting from attendance at cultural events. Grant funding totaled \$200,000, with three multi-year grants awarded to significant, large-scale special events that were deemed capable of achieving the goals of the program – the *San José Jazz Festival*, *Cinequest Film Festival*, and the *San José International Mariachi Festival*.

This core service also administers the Festival, Parade and Celebration Grant Program, an annual competitive program to support events that contribute to the economic enhancement, cultural enrichment, and promotion of the City of San José. For the 2006-2007 grant cycle (conducted in spring 2006), a “multi-year rating” opportunity was offered for the first time. Previous grant recipients that met certain criteria could file a simple Declaration to use a previous rating, rather than go through the whole application and review process, thus rewarding successful applicants by simplifying the process. For the 2007-2008 cycle (conducted in spring 2007), 41% of grant applicants elected to take advantage of the multi-year rating opportunity.









The Vertical Banner Program, which installs colorful, event-related banners on street light poles throughout the City, contributed \$103,512 to the General Fund for the installation of 2,724 banners throughout the City. A total of 26 events were promoted through street banners, from the *Amgen Tour* to *ZeroOne San José*. There were approximately 400 banners that could not be hung for various reasons such as banner availability and overtime limitations.

A comprehensive, informative special event website with an anticipated implementation for fall 2005 was delayed due to staffing vacancies and workload issues. It is anticipated that this new website will be launched by the end of calendar year 2007.

Community and Economic Development CSA

Core Service: Outdoor Special Events City Manager – Office of Economic Development

Performance and Resource Overview (Cont'd.)

Outdoor Special Events Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
 % of events rated by City departments good to excellent based on planning	90%	91%	93%	92%
 Ratio of City grant funding to all other revenue sources	\$1:\$17	\$1:\$7	\$1:\$15	\$1:\$15
 Net cost of City services per 1,000 event attendees	\$345	\$360	\$350	\$375
 % of events billed within 30 days of cost determination	77%	90%	94%	94%
 % of event organizers rating city services and facilities good to excellent based on safety and planning	N/A*	82%	82%	82%
 % of event attendees rating events good to excellent based on quality, safety and accessibility	90%	90%	90%	92%
 % of residents rating the City's efforts at providing an adequate number and variety of outdoor special events as good or excellent	48%	48%**	48%	50%
 % of neighbors rating event coordination good to excellent based on safety and planning	75%	80%	80%	80%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

* Data is not available due to staff retirements, turnover and vacancies during the period.

** The next San José Community Survey will occur in 2007.

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
# of events held on public and private property	341	360	310	320
# of event attendees	1,965,885	2,150,000	2,200,595	2,210,000
Grant funding for special events	\$335,716	\$370,000	\$384,241	\$413,194
Cost of City services (for special events)	\$1,981,400	\$1,204,000	\$1,220,100	\$1,200,000
# of non-profit sponsored events	213	258	193	199
Recovered cost	\$1,254,470	\$431,200	\$531,500	\$500,000

Changes to Activity & Workload Highlights from the 2006-2007 Adopted Budget: No

Community and Economic Development CSA

Core Service: Outdoor Special Events City Manager – Office of Economic Development

Performance and Resource Overview (Cont'd.)

Outdoor Special Events Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 347,069	\$ 568,620	\$ 627,547	\$ 627,547	10.4%
Non-Personal/Equipment	162,448	258,087	257,110	264,740	2.6%
Total	\$ 509,517	\$ 826,707	\$ 884,657	\$ 892,287	7.9%
Authorized Positions	4.00	5.00	5.00	5.00	0.0%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
RANGE OF QUALITY EVENTS, CULTURAL OFFERINGS, AND PUBLIC ARTWORKS			
1. Rebudget: Festival Grant Program		7,630	7,630
The rebudget of unexpended 2006-2007 funds will support the 2007-2008 Festival Grant Program. (Ongoing costs: \$0)			
Performance Results: N/A (Final Budget Modification)			
2007-2008 Adopted Core Service Changes Total	0.00	7,630	7,630

Community and Economic Development CSA

Core Service: Provide Services to Homeless and At-Risk Populations

Housing Department

Core Service Purpose

Coordinate services toward ending homelessness.

Key Operational Services:

- | | |
|---|---|
| <input type="checkbox"/> Coordination of Services Aimed to End Chronic Homelessness | <input type="checkbox"/> Information and Referral Services for Homeless and Those At-Risk of Homelessness |
| <input type="checkbox"/> Grant Administration | |

Performance and Resource Overview

San José is a partner with the County and other Santa Clara County cities working to end chronic homelessness. This core service provides grants to agencies that directly assist homeless individuals and families and those at risk of homelessness. Direct services include information and referrals to emergency, transitional, and permanent housing options; coordination of rental and mortgage payment assistance; and linkages to other services such as health care, job opportunities, and transportation. In 2006-2007, the Provide Services to Homeless and At-Risk Populations core service appeared in the Neighborhood Services City Service Area. In 2007-2008, this core service moves back to the Community and Economic Development Services City Service Area and contributes to the outcome: *Diverse Range of Housing Options*.






The City is placing a strong focus on prevention activities implementing the City's aggressive Ten-Year Plan to eliminate chronic homelessness. Actions taken to meet this goal in 2006-2007 included the establishment of a Blue Ribbon Commission to end chronic homelessness in ten years and solve the affordable housing crisis in 20 years. Convened by Santa Clara County Supervisor Don Gage and co-chaired by Mayor Chuck Reed, this group consists of leaders from other public jurisdictions, nonprofit organizations, local business organizations and community leaders. The City also hosted two Project Homeless Connect events in which service agencies gathered at a day-long resource fair to provide services to the homeless population.

This core service administers the Department's grants for non-profit agencies that provide services to homeless individuals and families and those at risk of homelessness. Grant funds include federal Emergency Shelter Grants (ESG), Housing Opportunities for Persons with Aids (HOPWA), and local funds made available through the City's Housing Trust Fund. In addition, the City will implement a two-year pilot program entitled PROGRESS (Promoting Growth & Early Self-Sufficiency) that will provide about fifteen chronically homeless individuals or families with rental assistance and supportive services with the goal of self-sufficiency. The program oversees grant contracts and monitors compliance with grant requirements, and the performance of grantees. In 2007-2008, the program expects to grant \$444,821 in ESG funding, \$739,000 in HOPWA funding, and up to \$2.1 million in Housing Trust Funds.

Community and Economic Development CSA

Core Service: Provide Services to Homeless and At-Risk Populations *Housing Department*

Performance and Resource Overview (Cont'd.)

Provide Services to Homeless and At-Risk Populations Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
 Cumulative % of households assisted in securing permanent housing over 10 year period 2004-2013 (based on 2004 Census)	4%	10%	6%	10%
 % change in the number of reported homeless encampments (annual)	NEW	NEW	NEW	-10%
 % change in the number of unduplicated persons utilizing emergency shelters	NEW	NEW	NEW	-4%
 % of qualified clients that are referred to or assisted with emergency housing within 24 hours	99%	95%	95%	95%
 % of walk-in clients that are satisfied or very satisfied with the effectiveness, timeliness, and courtesy of services received ²	100%	95%	99%	95%

Changes to Performance Measures from 2006-2007 Adopted Operating Budget: Yes¹

¹ Changes to Performance Measures from 2006-2007 Adopted Budget:

⌚ “Cumulative % of qualified clients who moved from homelessness to permanent housing during the ten-year period from 2004-2013” was revised to be consistent with the rapid rehousing component of the City’s Ten Year Plan to end chronic homelessness.

+ “% change in the number of reported homeless encampments” measure was added to respond to community concerns.

+ “% change in the number of unduplicated persons utilizing emergency shelters” measure was added to represent focus shift from shelters to permanent housing.

✗ “% of qualified at-risk clients who receive one-time rent/mortgage assistance within 5 days” was deleted; as the data is not reliable or informative.

✗ “Ratio of non-City funds to City funds for individuals and families who are homeless or at-risk of being homeless” was deleted; as the data is not reliable.

⌚ “% of walk-in clients that are satisfied or very satisfied based on overall services, timeliness and courtesy” was revised to measure quality of services provided.

² The data for 2006-2007 is based on complaints received. Beginning in 2007-2008, quarterly sample surveys will be completed to track this performance measure.

Community and Economic Development CSA

Core Service: Provide Services to Homeless and At-Risk Populations *Housing Department*

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Number of chronically homeless individuals (as defined By HUD) assisted in securing permanent housing	NEW	NEW	NEW	190
New federal, State or private foundation funds secured to assist efforts to end homelessness	NEW	NEW	NEW	\$500,000
Number of unduplicated clients assisted by the Homeless Program	4,058	4,500	4,300	4,500

Changes to Activity Workload & Highlights from 2006-2007 Adopted Operating Budget: Yes¹

¹ Changes to Activity Workload & Highlights from 2006-2007 Adopted Budget:

- + “Number of chronically homeless individuals (as defined by HUD) assisted in securing permanent housing” measure was added to correspond with HUD’s definition of chronic homelessness. This definition is less broad and will track those individuals who were moved from the streets or shelters into transitional or permanent housing.
- + “New federal, State or private foundation funds secured to assist efforts to end homelessness” measure was added to expand financial capacity in support of ending homelessness.
- × “Estimated number of clients receiving direct or indirect assistance from community based agencies assisted by City fund” to be deleted as the data is unreliable.
- × “Number of homeless people returning for services” to be deleted as the data is unreliable.
- × “Number of qualified clients referred to or assisted with obtaining a job” to be deleted as the data is unreliable.
- × “Number of clients assisted by phone” to be deleted as the data is unreliable.
- × “Number of clients seeking assistance with the following” to be deleted as the data is not informative since it has no context except for in comparison to prior periods.

Community and Economic Development CSA

Core Service: Provide Services to Homeless and At-Risk Populations *Housing Department*

Performance and Resource Overview (Cont'd.)

Provide Services to Homeless and At-Risk Populations* Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget **					
Personal Services	\$ 325,118	\$ 346,447	\$ 459,639	459,639	32.7%
Non-Personal/Equipment	33,688	29,045	29,045	29,045	0.0%
Total	\$ 358,806	\$ 375,492	\$ 488,684	\$ 488,684	30.1%
Authorized Positions	3.30	3.30	4.30	4.30	30.3%

* In 2006-2007, the Provide Services to Homeless and At-Risk Populations Core Service appeared in the Neighborhood Services CSA.

** The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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NONE

Community and Economic Development CSA

Core Service: Regulate/Facilitate Private Development *Public Works Department*

Core Service Purpose

Revue of private development to ensure that new development contributes to the safety and welfare of the citizens as well as the City's economic development.

Key Operational Services:

- | | |
|---|---|
| <input type="checkbox"/> Grading Permits | <input type="checkbox"/> Development Application Review |
| <input type="checkbox"/> Public Improvement Permits | <input type="checkbox"/> Assessment Engineering |
| <input type="checkbox"/> Traffic Reports | <input type="checkbox"/> Utility Permits |
| <input type="checkbox"/> Inspection | <input type="checkbox"/> Underground Service Alert |
| <input type="checkbox"/> Subdivision Maps | |

Performance and Resource Overview

There are three components to this core service: 1) Development Services, which involves Public Works' review of private development planning projects, development of Public Works' conditions of approval, and inspection of public improvements during construction, 2) Assessment Engineering, which administers projects funded by municipal financing districts; and 3) the Utility Program, which reviews and issues permits to utility companies and locates city owned underground facilities. The Development Plan Review and Inspection component is funded by fees paid by private developers, and the Utility Program is supported by fees paid by utility companies. In this budget, for the first time, the "Fee Program" numbers included in the Activity and Workload Highlights section show the revenues and costs of these two fee programs broken out separately. Both programs are operated on a 100% cost-recovery basis. Ensuring that the fees established for these programs recover the full cost of providing service is essential to maintaining the Department's ability to match staffing levels to service demand as development activity fluctuates. In turn, the ability to support appropriate staffing levels has proved to be the most important factor for maintaining targeted performance.

All of the operational services under the Core Service of Regulate/Facilitate Private Development contribute to the Community and Economic Development City Service Area's Outcome *Safe, Healthy, Attractive and Vital Community*.

Development Services

Following fee increases and the implementation of several new fees in 2003-2004 (and an accompanying overall improvement in performance levels), no fee increases were proposed in 2004-2005 or 2005-2006. This time period coincided with a significant increase in program costs driven primarily by substantial increases in personnel and office space costs. The growing

Community and Economic Development CSA

Core Service: Regulate/Facilitate Private Development *Public Works Department*

Performance and Resource Overview (Cont'd.)

Development Services (Cont'd.)

cost to revenue gap forced the redeployment of staff resources out of the development fee program. Faced with a 2006-2007 base revenue to cost shortfall and deteriorating performance levels, a budget balancing package was approved that included the addition of two positions to improve service, a 7% fee increase, and the use of funds from the fee reserve to cover the remaining gap. At mid-year, despite the additional resources, cycle time performance had dropped below 60%, in part because of several key vacancies. In response, funding was approved from the fee reserve to support additional staff. Some performance improvement is anticipated as these positions are filled.

Development services cycle time performance has decreased significantly in the past two years. It is estimated that improvement plan processing targets will be met only 56% of the time while planning processing targets will be met 58% of the time in 2006-2007. Prior year data suggests that performance improvements are closely tied to the ability to add staff resources by implementing fee adjustments. Specifically, cycle times improved significantly after the implementation of the 2003-2004 fee increase (an aggregate 65% in 2002-2003, 82% in 2003-2004, and 83% in 2004-2005) and approached the 85% cycle time performance endorsed by the development industry.

In 2005-2006, the second consecutive year without a fee increase, performance deteriorated to near 2003-2004 levels at 68% overall. The positive performance impact of the 2006-2007 fee increase and the additional staff was limited due to the loss of a number of experienced staff coupled with the more complex project review and outreach requirements of the shift to “infill” development. Ultimately, given the recent history of increases in both staff costs and project complexity, intermittent and incremental fee increases are not enough to address the structural fee to cost-of-service imbalance in the Development Services Program, and the result has been sharply declining performance.

The Department anticipates that converting the fee structure to one based on the service time allocated to each reimbursable activity will solve the structural deficit and enable the development fee program to reach targeted performance levels. For this reason, the 2007-2008 budget package is expected to marginally improve performance, prevent further performance deterioration, and allow time for a thorough cost of service analysis to be completed as a basis for the fee restructuring effort. This effort will include an in-depth analysis of the staff time required to process project types, as well as a re-evaluation of the program’s standard processes. Implementation of the new fee structure is anticipated for 2008-2009.

At current fee levels, development revenue collections are expected to remain steady at \$6.4 million for 2007-2008. Program expenditures are projected to increase to approximately \$6.9 million due to increases in salary, benefit, and overhead costs. The shift from primarily open space development that included fee generating infrastructure work to a predominance of the aforementioned “infill” development projects has exacerbated the revenue to cost imbalance since a number of development fees are based on the valuation of infrastructure improvements. The 2007-2008 budget package for this program includes the formal addition of three positions which were shifted

Community and Economic Development CSA

Core Service: Regulate/Facilitate Private Development *Public Works Department*

Performance and Resource Overview (Cont'd.)

Development Services (Cont'd.)

from the capital program at mid-year, an 8.9% fee increase, and the use of \$240,000 from the fee reserve to close the gap between projected revenues and expenditures. The 2007-2008 budget for Development Services is anticipated to improve cycle time performance to approximately 62%. The Department has performed a preliminary analysis and believes the addition of approximately 14 positions would be necessary to reach the industry endorsed 85% level. Additional resources may be proposed in 2008-2009 when the revised fee structure is proposed for Council consideration.

Assessment Engineering

The Assessment Engineering section administers projects funded by municipal financing districts. Responsibilities of this section include district formation and collecting and accounting for assessment payments. Currently, this group collaborates with the Department of Transportation in managing 12 Community Facilities Districts, 13 Maintenance Assessment Districts, and 10 Improvement Districts.

Utility Program

The Utilities section reviews plans and issues permits for work performed by utility and telecommunication companies and locates City-owned underground facilities. The same cost and revenue factors described in the Development Services section impacted the Utilities section with anticipated 2007-2008 revenues of \$1.5 million and costs of \$1.7 million. A fee increase of 14% was approved in order to return this program to full cost recovery and maintain targeted performance levels.

The Utilities section also prepares for City Council's approval a five-year plan to underground existing utility company facilities and remove utility poles. Further information on the undergrounding component of this section can be found in the Developer Assisted Projects Capital Program section of the 2007-2008 Adopted Capital Budget.

The activity and workload highlight "Number of underground service alert (USA) requests received" is estimated to remain steady for 2006-2007 and 2007-2008 because of PG&E's "heat capacity" work and AT&T's Project Lightspeed. Currently, AT&T is upgrading its fiber-optic network and installing infrastructure in San José to bring advanced Internet Protocol (IP) based TV/video services and faster Internet access speeds.

While both the "number of customer surveys returned" and "number of customers surveyed with a rating of good or excellent" (which apply to the Development Services section and the Utility Program) are anticipated to fall significantly short of 2006-2007 forecasted levels, response rates have increased substantially as a result of the implementation of e-mail surveys generated

Community and Economic Development CSA





Core Service: Regulate/Facilitate Private Development *Public Works Department*

Performance and Resource Overview (Cont'd.)

Utility Program (Cont'd.)

directly from the AMANDA permitting system. The overall customer satisfaction related to these responses is tracking slightly below target and is estimated to be at 71% for 2006-2007.

In an effort to continuously improve customer surveying methodology, Public Works, along with Development partners Planning, Building, and Code Enforcement and Fire Departments, has retained the services of a consultant. The consultant has released the first set of new scientifically administered surveys which should help the departments better understand how services provided are being received by customers.

Regulate/Facilitate Private Development Performance Summary		2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
	% of projects that receive thorough, complete, and consistent processing in the first cycle of the review process: Development Review*	57%	90%	62%	90%
	Ratio of current year fee revenue to Development Fee Program cost	100%	97.5%	97.5%	95.1%
	Selected cycle time measures for: Improvement plan processing targets met** Planning processing targets met	70% 65%	100% 100%	56% 58%	85% 85%
	% of Development process participants rating service as good or excellent: Development Review*	61%	75%	71%	75%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

* This numbers in this chart represent only the Public Works component of the Development Permit Process. Other phases of this process are reflected in the Planning, Building, and Code Enforcement Department's Development Plan Review and Building Construction Inspection Core Service.

** Cycle time targets for Development Services have been revised to 85% from 100% to reflect the target endorsed by development industry customers. While staff continues to strive for 100% cycle time performance, development customers have not been supportive of the fee levels necessary to achieve 100% performance.

Community and Economic Development CSA

Core Service: Regulate/Facilitate Private Development Public Works Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Fee program revenue	\$7,167,146	\$7,895,220	\$7,895,220	\$8,673,925
Development Services	\$6,034,098	\$6,398,550	\$6,398,550	\$6,968,021
Utility Program	\$1,133,051	\$1,496,670	\$1,496,670	\$1,705,904
Fee program costs	\$7,068,368	\$8,097,535	\$8,100,000	\$8,913,806
Development Services	\$5,800,487	\$6,600,865	\$6,700,000	\$7,207,887
Utility Program	\$1,267,881	\$1,496,670	\$1,400,000	\$1,705,919
Number of Development Improvement Plans reviewed for consistency and completeness	104	120	120	120
Number of major Utility Permit Plans reviewed for consistency and completeness	517	570	550	550
Number of customer surveys returned	192	400	200	300
Number of customers surveyed with a rating of good or excellent	118	300	150	225
Service requests received	2,687	5,000	4,340	4,500
Service requests responded to within pre-established and/or committed turn-around times	1,914	4,500	3,120	3,825
Number of feet of utility lines undergrounded	5,400	6,000	5,300	6,000
Number of underground service alert requests received	28,200	35,000	35,000	35,000

Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget: Yes¹

¹ Changes to Performance Measures from 2006-2007 Adopted Budget

☞ Fee Program revenues and costs have been separated between Development Services and the Utility Program to reflect that these two programs have different customer bases.

Regulate/Facilitate Private Development Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 5,434,066	\$ 5,790,289	\$ 5,846,883	\$ 6,147,872	6.2%
Non-Personal/Equipment	690,425	665,069	482,151	617,151	(7.2%)
Total	\$ 6,124,491	\$ 6,455,358	\$ 6,329,034	\$ 6,765,023	4.8%
Authorized Positions	52.02	53.99	53.77	56.77	5.1%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Community and Economic Development CSA

Core Service: Regulate/Facilitate Private Development *Public Works Department*

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY			
1. Public Works Non-Personal/Equipment Efficiencies		(15,000)	(15,000)
This action reduces the Public Works Department non-personal/equipment budget by \$15,000. This represents a reduction of less than 1% of the Department's allocation in 2007-2008. (Ongoing savings: \$15,000)			
Performance Results: No change to service levels are anticipated as a result of this action			
2. Public Works Fee Program	3.00	450,989	450,989
In order to bridge the gap (\$465,000) between anticipated revenues in 2007-2008 of \$7.9 million and expenditures of \$8.5 million, while also improving the percentage of plan reviews processed within the targeted timeline (currently at 56%, versus the desired level of 85%), several actions were approved. A 9.9% overall increase to fees (8.9% to the development community, 14% to the utility companies) will increase expected revenues to \$8.7 million. The shift of three positions (2.0 Engineers and 1.0 Associate Engineering Technician) into the program from the capital program, valued at \$301,000, should improve the percentage of plan reviews processed within the targeted timeline to 62%. A non-personal/equipment augmentation of \$150,000, which will be used to fund the Fee Program's fair share contribution to the Public Works Program Support Fund, was also approved. To bridge the resulting gap, \$240,000 from the Public Works Development Fee Program Earmarked Reserve will be utilized. This will leave \$752,000 in the reserve to address future shortfalls. (Ongoing costs: \$450,989)			
Performance Results: Cost This action will increase resources to match the projected workload for the Public Works Fee Program while improving upon customer service performance levels and ensuring that the Program will attain a 100% ratio of fee revenue to development fee program costs. Cycle Time The percentage of plan reviews processed within the targeted timeline should increase slightly from 2006-2007 levels.			
2007-2008 Adopted Core Service Changes Total	3.00	435,989	435,989

Community and Economic Development CSA

Core Service: Workforce Development *City Manager – Office of Economic Development*

Core Service Purpose

Assist businesses in hiring a quality workforce through assessment, supportive services, and employability skills training.

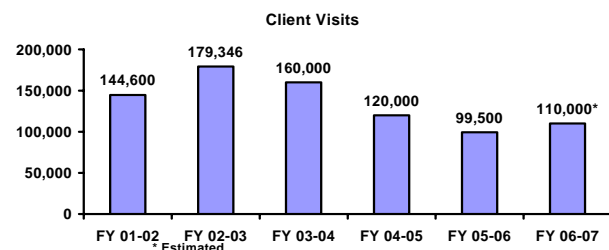
Key Operational Services:

- ☐ Customized, professional career services
- ☐ Career transition management
- ☐ Workforce reduction assistance
- ☐ Employee attraction, training, and retention services

Performance and Resource Overview

Since July 2000, the City of San José has acted as an administrative and fiscal agent for the Silicon Valley Workforce Investment Network (SVWIN). In July 2006, SVWIN changed its name to “work2future” as part of a broader marketing campaign aimed at the business and job seeker communities. Work2future, as a new brand name, represents over 20 partners who serve job seekers and businesses through the One-Stop delivery system. Work2future provides Workforce Investment Act (WIA) programs across an eight-city service area: San José, Campbell, Gilroy, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill, and Saratoga. WIA’s employment development services align with and contribute to the *Strong Economic Base* outcome of the Community and Economic Development City Service Area.

The Mayor acts as the Chief Local Elected Official for work2future. The City, through the Office of Economic Development, staffs the work2future program and is reimbursed for personnel costs from federal funds the City receives. The work2future Board (WIB) has authority to determine policy within the San José-Silicon Valley Workforce Investment Area. The City of San José, in its capacity as fiscal agent, reviews funding decisions to determine if U.S. Department of Labor procurement guidelines have been followed by the WIB and enters into contracts on behalf of the WIA program. Funding for WIA comes from two sources: (1) regularly allocated funding streams, and (2) grants that are awarded on a competitive basis. The main programs administered by the City of San José include three regularly allocated funding streams: Adult, Dislocated Worker, and Youth. In addition to WIA administrative staff supplied by the City of San José, a variety of contractors manage programs for these main funding streams. San José Evergreen College District was renewed for the WIA Adult and WIA Dislocated Worker contracts. In 2006-2007, the WIA Youth contracts were awarded to San José Conservation Corps, Unity Care and MACSA (Mexican American Community Services Agency) – Gilroy for the Younger Youth (14-18) programs, San José Evergreen College District (WIN Program),



Community and Economic Development CSA

Core Service: Workforce Development *City Manager – Office of Economic Development*

Performance and Resource Overview (Cont'd.)

Henkels and McCoy, and San José Conservation Corps for the Older Youth (19-21) programs.

In 2007-2008, work2future anticipates continued achievement in the area of employment and job retention goals for clients receiving WIA services and to reach the remaining outcomes of 15 out of 15 annual performance outcomes (one of the few statewide to do so). Work2future continues to increase the ability of youth to retain their jobs; youth clients are receiving more preparation on how to enter and retain their positions in this current job market to offset their employment disadvantages during this period of relative high unemployment.

The intent of WIA is to provide clients with a broad range of support services that place them in jobs. WIA clients participate in a process that includes services from recruitment to training to job search assistance and ultimately job placement. This timeframe is typically 18-24 months. Clients exit WIA services upon placement into unsubsidized employment.

Customer Service

Consistent with input received from the local business community through focus groups and the City's Economic Development Strategy, work2future has designated industry sectors, or "clusters," for targeting the WIA training funds received. The industry clusters targeted are: retail, hospitality, healthcare, bio-science, clean technology, software, construction, public sector, and financial services. Among the special training funding that has been awarded, the hospitality industry, in partnership with Hilton Hotels, trains local residents as front desk, reservation and courtesy personnel, and restaurant/culinary personnel. In addition, funding has been provided to both Kaiser Hospital and Valley Medical Center to train local residents for laboratory and nursing occupations in the health care industry. Most recently, work2future partnered with Nanosolar to become the first Workforce Investment Board in California to receive Employment Training Panel funds to prepare workers for employment in clean technology jobs.

In June 2006, a One-Stop Center was opened in Morgan Hill to provide residents with greater access to services such as career guidance, job referrals, vocational and academic training, and business services. In October 2006, work2future opened a new, "flagship" One-Stop on Parkmoor Avenue in Downtown San José. This 66,000 square foot, three-story building replaces the 28,000 square foot facility on Story Road. The Parkmoor site allows for enhanced services and workshops, more room for Job Fairs and targeted recruitments, and expanded partnerships, resulting in significant reductions in rental costs. These savings have been invested in additional client services. Work2future has maintained its presence in East San José through partnerships with community-based organizations such as Center for Training and Careers and utilizing the mobile unit to bring the same services to key locations such as schools, universities, cultural centers, and libraries. In accordance with the vision of the WIA, the One-Stop service centers provide client and business services in three different cities of the eight-city service area.

Community and Economic Development CSA

Core Service: Workforce Development *City Manager – Office of Economic Development*

Performance and Resource Overview (Cont'd.)

Business Recruitment Assistance

The highlight of 2006-2007 was that work2future's Business Services model was cited by the Department of Labor and State of California Employment Development Department as a best practice for its innovative outreach and service to small businesses. Partnering with nearly 30 public and private business services providers to access capital, technical assistance, information, and human resource services have benefited over 600 businesses. Staff acting as account managers marketed the partnering services and made warm referrals as needed as well as provided specialized recruiting events for employers.

Among the issues listed by local businesses as a hindrance to their growth is the identification of a qualified workforce. WIA services are designed to assist local employers in their recruitment of qualified applicants. Prospective interview candidates are screened by WIA staff according to employer-based criteria. The Business Services Program is a collaboration of partners who provide quality business development and entrepreneurial and employment services to small, minority- and women-owned businesses. In 2006-2007, the group established relationships with an additional 154 companies beyond the 488 business clients to which the program linked over the last two years.

The objective of the Business Recruitment Assistance Model is to provide businesses with workforce tools they need to succeed in a global economy. Business Services Program serves four areas: Human Resources, Technical Assistance, Information and Research, and Access to Capital. Businesses can receive a variety of services including free posting of job listings, access to qualified job applicants, pre-employment screening, specialized workshops, training for new employees, and assistance with downsizing and employee transitions.







Vocational Classroom Training

As part of the process to place jobseekers and upgrade the skills of workers, the WIA program includes vocational classroom training opportunities. Under the Workforce Investment Act, federal funds are provided for employment assistance and training for eligible youth, low income/disadvantaged adults, and dislocated workers. Training services for adults are contracted out through an application process and approved by the State of California Employment Development Department. Clients eligible for training select a training provider from a list of eligible providers.

Community and Economic Development CSA

Core Service: Workforce Development City Manager – Office of Economic Development

Performance and Resource Overview (Cont'd.)

Workforce Development Performance Summary	2005-2006 Actual	2006-2007 Target*	2006-2007 Estimated	2007-2008 Target*
 Adults entering employment	85%	76%	78%	TBD
 Dislocated workers entering employment	90%	80%	81%	TBD
 Youth entering employment	81%	72%	82%	TBD
 Adults retaining employment	82%	78%	81%	TBD
 Dislocated workers retaining employment	87%	85%	88%	TBD
 Youth workers retaining employment	88%	80%	82%	TBD

Changes to Performance Measures from 2006-2007 Adopted Budget: No

* The performance measure targets in this document represent those negotiated with U.S. Department of Labor and the State of California Employment Development Department for 2006-2007. Targets have not yet been negotiated for 2007-2008.

Workforce Development Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 2,043,576	\$ 3,750,941	\$ 3,988,551	\$ 3,988,551	6.3%
Total	\$ 2,043,576	\$ 3,750,941	\$ 3,988,551	\$ 3,988,551	6.3%
Authorized Positions	38.70	40.70	40.70	40.70	0.0%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Community and Economic Development CSA

Core Service: Workforce Development *City Manager – Office of Economic Development*

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
STRONG ECONOMIC BASE			
1. Revolving Loan Fund Staff Funding Transfer		0	0
<p>This action shifts funding for an Economic Development Officer in the Office of Economic Development from the Economic Development Enhancement Fund to the Community Development Block Grant (CDBG). A recent decision to terminate CDBG contracts with a vendor resulted in the termination of the contract with the consultant providing loan processing and packaging services for the CDBG project Revolving Loan Fund (RLF). The multiple contracts with the consultant created an affordability factor for the loan administration contract that could not be duplicated with any replacement contractor; therefore, the Office of Economic Development staff assumed the responsibilities. (Ongoing costs: \$0)</p>			
Performance Results:			
Customer Satisfaction The current level of service for the Revolving Loan Fund will be maintained.			
2007-2008 Adopted Core Service Changes Total		0	0

Community and Economic Development CSA

Strategic Support

City Manager – Office of Economic Development

Core Service Purpose

Strategic Support represents the services provided within departments that support and guide the provision of the core services.

Key Operational Services:

☐ Administrative Support

Performance and Resource Overview

Strategic Support is an ongoing requirement to provide the core services of Office of Economic Development.

Strategic Support Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	\$ 621,552	\$ 743,688	\$ 794,590	\$ 794,590	6.8%
Non-Personal/Equipment	97,469	90,721	92,162	92,162	1.6%
Total	\$ 719,021	\$ 834,409	\$ 886,752	\$ 886,752	6.3%
Authorized Positions	6.50	6.40	6.40	6.40	0.0%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
NONE			

Community and Economic Development CSA

Strategic Support *Fire Department*

Strategic Support represents services provided within the Fire Department that support and guide the provision of the core services, including the core services rolling up to both the Public Safety and Community and Economic Development CSAs.

Key Operational Services:

- ☐ Administration
- ☐ Equipment/Facilities
- ☐ Information Technology
- ☐ Master Planning
- ☐ Multilingual Services
- ☐ Safety/Wellness
- ☐ Training

Performance and Resource Overview

Strategic Support for the Fire Department provides support to two City Service Areas: Public Safety and Community and Economic Development. The description here relates to the services for the Community and Economic Development CSA.

As described in the Fire Safety Code Compliance core service section of this document, a combination of actions including cost adjustments, increase in fees, and one-time use of reserves is included in this budget to bring the development-related fees to 100% cost recovery in 2007-2008. These actions include the elimination of a vacant Office Specialist position (\$61,462 total savings, of which \$55,317 is displayed in this section).

Strategic Support Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	\$ 528,571	\$ 713,245	\$ 792,610	\$ 737,293	3.4%
Non-Personal/Equipment	34	26,789	26,789	26,789	0.0%
Total	\$ 528,605	\$ 740,034	\$ 819,399	\$ 764,082	3.2%
Authorized Positions	8.64	8.64	9.54	8.64	0.0%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Community and Economic Development CSA

Strategic Support

Fire Department

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY			
1. Fire Fee Program	(0.90)	(55,317)	(55,317)
Described in the Fire Safety Code Compliance Core Service section of this document are actions to address the estimated shortfall in the Fire Fee Program. A combination of cost adjustments, increase in fees, and one-time use of reserves will bring the Fire Fee Program to 100% cost recovery in 2007-2008 with expenditures projected at \$4.9 million. These actions include the elimination of a vacant Office Specialist (1 of 8). Savings from the elimination of this position is \$55,317 in this core service (\$6,145 in savings is displayed in the Fire Safety Code Compliance Core Service section). A reduction in administrative support, currently experienced as a result of this vacancy, will continue on a permanent basis. (Ongoing savings: \$55,317)			
Performance Results:			
Cost To achieve full cost-recovery, these actions will align revenue with projected expenditures for the Fire Fee Program.			
2007-2008 Adopted Strategic Support Changes Total	(0.90)	(55,317)	(55,317)

Community and Economic Development CSA

Strategic Support *Housing Department*

Strategic Support represents services provided within departments that support and guide the provision of the core services.

Key Operational Services:

- | | |
|---|---|
| <input type="checkbox"/> Policy Development | <input type="checkbox"/> Vehicle Maintenance |
| <input type="checkbox"/> Long Range Planning | <input type="checkbox"/> Audit Supervision |
| <input type="checkbox"/> Financial Management | <input type="checkbox"/> Materials Management |
| <input type="checkbox"/> Computer Services | <input type="checkbox"/> Public Education |
| <input type="checkbox"/> Clerical Support | <input type="checkbox"/> Community Development Block Grant Administration |
| <input type="checkbox"/> Employee Services | |
| <input type="checkbox"/> Facility Management | |

Performance and Resource Overview

The Housing Department's organizational structure consists of new construction, housing rehabilitation, loan monitoring, management and analysis, and grant management. Strategic Support provides essential operational services such as budget and financial management, human resource services, and information and technology management to ensure the efficient operation of Housing Department programs. It also includes the Department's Policy section and the administration of the City's Community Development Block Grant (CDBG) program. In 2006-2007, Strategic Support for the Housing Department appeared in the Neighborhood Services City Service Area. In 2007-2008, Strategic Support for the Housing Department moves back to the Community and Economic Development City Service Area.



The Housing Department's Policy section monitors legislation regarding affordable housing, and conducts education and outreach on fair housing, predatory lending, and other policy issues related to low- and moderate-income housing.

In 2006-2007, the administration of the CDBG program moved from the Parks, Recreation and Neighborhood Services Department to the Housing Department. This transfer resulted in consolidating administration of all the City's housing and community development entitlement programs within one department, thereby improving administration of the program, eliminating redundancy, and allowing for one point of contact with the Federal Department of Housing and Urban Development. Improvements made to administration of the CDBG program include: reducing the length of the application form, revamping and simplifying the application process for City projects, and the creation of revolving loan funds to ensure program income for the housing rehabilitation and small business loan programs.

Community and Economic Development CSA

Core Service: Strategic Support Housing Department

Performance and Resource Overview (Cont'd.)

Strategic Support Performance Summary		2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
	% of CDBG invoices processed within 30 days of receipt of all required documentation	NEW	NEW	NEW	90%
	% of CDBG funded projects meeting all stated outcomes	NEW	NEW	NEW	90%

Changes to Performance Measures from 2006-2007 Adopted Operating Budget: Yes!

¹ Changes to Performance Measures from 2006-2007 Adopted Budget:

- + “% of CDBG invoices processed within 30 days of receipt of all required documentation” measure was added to better capture service delivery activities.
- + “% of CDBG funded projects meeting all stated outcomes” measure was added to ensure agencies perform according to CDBG regulations.

Strategic Support* Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Strategic Support Budget **					
Personal Services	\$ 2,223,613	\$ 3,577,732	\$ 3,784,919	\$ 3,784,919	5.8%
Non-Personal/Equipment	314,614	380,908	379,308	379,308	(0.4%)
Total	\$ 2,538,227	\$ 3,958,640	\$ 4,164,227	\$ 4,164,227	5.2%
Authorized Positions	23.45	32.45	33.15	33.15	2.2%

*

In 2006-2007, Strategic Support for the Housing Department appeared in the Neighborhood Services City Service Area.

**

The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
NONE			

Community and Economic Development CSA

Strategic Support

Planning, Building and Code Enforcement Department

Core Service Purpose

Strategic Support represents services provided within departments that support and guide the provision of the core services.

Key Operational Services:

- | | |
|---|---|
| <input type="checkbox"/> Administration | <input type="checkbox"/> Human Resources |
| <input type="checkbox"/> Clerical Services | <input type="checkbox"/> Information Systems |
| <input type="checkbox"/> Budget Preparation | <input type="checkbox"/> Marketing and Outreach |
| <input type="checkbox"/> Fiscal Services | <input type="checkbox"/> Safety/Wellness |

Performance and Resource Overview

The desired outcomes for Strategic Support include support for policy development to protect public health, safety and welfare; provision of information and data to the general public; and provision of administrative services to Department and City staff to ensure achievement of the Department's objectives.

Administrative Support

Planning, Building and Code Enforcement's (PBCE) Administrative Services Division continues to serve a Department of over 360 employees with a very lean administrative support team. Under the direction of the Department's Administrative Officer, the Administrative Team consists of two Senior Analysts, three Analysts (each Division has one Analyst providing all administrative services), one Staff Technician (Code Enforcement), and one Principal Office Specialist who supports all of the professional administrative staff. The Division Analysts supervise the accounting staff in each Division. The Administrative Officer also manages the Information Technology Department staff assigned to PBCE. In a large Department with four diverse operational divisions located on six floors in two locations, the support logistics and workload are considerable.

Resource Changes

One of PBCE's Senior Analysts is analyzing the costs of the components of the City's development service process. In 2006-2007, a new time based fee methodology for Building Division commercial and industrial projects was implemented. A cost analysis of Planning and Public Works fee programs is scheduled for 2007-2008 to be able to convert them to the new time based fee methodology in 2008-2009.

Community and Economic Development CSA

Strategic Support

Planning, Building and Code Enforcement Department

Performance and Resource Overview (Cont'd.)

Resource Changes (Cont'd.)

Approved resource changes for 2007-2008 include one-time funding of \$249,000 for computer hardware and software replacements in the Building Fee Program as part of the Department's ongoing replacement and upgrade of old and aging office equipment, workstations, and software. The planned replacement of hardware and software reduces the operational impacts of the failure of equipment and ensures that software remains current in order that staff may operate in a productive and efficient manner.

Strategic Support Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	\$ 1,026,662	\$ 1,336,987	\$ 1,471,635	\$ 1,471,635	10.1%
Non-Personal/Equipment	252,015	570,199	315,099	664,099	16.5%
Total	\$ 1,278,677	\$ 1,907,186	\$ 1,786,734	\$ 2,135,734	12.0%
Authorized Positions	9.57	10.57	11.57	11.57	9.5%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Community and Economic Development CSA

Strategic Support

Planning, Building and Code Enforcement Department

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY			
1. Computer Hardware/Software Replacement		249,000	249,000
This action allows for the replacement of aging printers, computers, monitors and purchase software updates for the building development fee program. The development fee programs rely upon an extensive network of computer systems to provide seamless, customer-driven service delivery. Upgrading and replacing the aging inventory on a timely basis will ensure that the increasingly complex software applications needed to respond to customer demands can continue. A rebudget of \$55,000 from unspent 2006-2007 is also included here to complete the purchase of computer equipment. (Ongoing costs: \$0)			
Performance Results: No change to service levels will result from this action.			
2. Rebudgets: Website Development		100,000	100,000
The rebudget of unexpended 2006-2007 funds allows the Department to complete the design of a more customer-friendly web interface Development Services website for the San Jose Permits Online System. (Ongoing costs: \$0)			
Performance Results: N/A (Final Budget Modification)			
2007-2008 Adopted Strategic Support Changes Total	0.00	349,000	349,000

Community and Economic Development CSA

City-Wide Expenses

Overview

The Community and Economic Development Program provides funding for services related to land use planning, development permitting and code regulation, housing (including affordable housing and homeless services), and economic development.

Budget Summary

City-Wide Expenses Resource Summary*	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Community and Economic Development	\$ 25,296,368	\$ 26,284,371	\$ 21,858,918	\$ 29,919,884	13.8%
Total	\$ 25,296,368	\$ 26,284,371	\$ 21,858,918	\$ 29,919,884	13.8%
Authorized Positions	0.00	0.00	0.00	0.00	0.0%

* For a complete listing of allocations for the Community and Economic Development Program, please refer to the City-Wide Expenses section of this document.

Budget Changes by Program

Adopted Program Changes	Positions	General Fund (\$)
1. Arts Venture Fund		(223,237)

This action eliminates the Arts Venture Fund on an ongoing basis. This fund was created in 1999-2000 to support unique new program development in partnership with community-based organizations, but the fund has been suspended since 2005-2006. With many community-based organizations unable to launch special undertakings and unable to meet the matching funds requirements, this fund has not been used for its intended purposes and its elimination will continue to have no service level impact. (Ongoing savings: \$223,237)

2. Children's Musical Theatre Temporary Relocation	33,000
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As directed in the Mayor's June Budget Message, funding of \$33,000 was approved to assist with the temporary relocation from the Montgomery Theater for the Children's Musical Theatre (CMT) summer production. Over the last two years, staging of the San José Grand Prix has negatively impacted attendance levels. (Ongoing costs: \$0) (Final Budget Modification)

Community and Economic Development CSA

City-Wide Expenses

Budget Changes by Program (Cont'd.)

Adopted Program Changes	Positions	General Fund (\$)
3. Community-Based Organizations Funding Reduction		(140,336)
<p>This action reduces funding for community-based organizations by the same average percentage reduction as approved for non-public safety city service areas, after a cost-of-living adjustment of 3% is applied to their Base Budget. For the City-Wide Expenses Community and Economic Development Program, this action reflects a 4.7% reduction which is partially offset by the Base Budget increase, for services related to: Arena Authority (\$8,958); Convention and Visitors Bureau Marketing Program (\$101,191); San José Museum of Art School (\$1,638); San José Stage Company (\$3,451); and Sports Authority (\$25,098), resulting in total savings of \$140,336. The Office of Economic Development will work with these organizations to minimize service delivery impacts. (Ongoing savings: \$140,336)</p>		
4. Comprehensive General Plan Update		1,020,000
<p>This action provides additional resources to complete a Comprehensive General Plan Update, as directed by the City Council in the Mayor's June Budget Message for 2006-2007. The last comprehensive update was adopted in 1994. Traditionally, General Plans undergo a comprehensive update every ten years. Given the significant growth issues facing the City, funding (\$820,000) was set aside in the 2007-2008 General Fund Forecast Base Budget for this purpose. Four positions in the Planning, Building and Code Enforcement Department and funds to support staff in several other departments that are necessary to allow City staff and City Council to engage the community in preparing a vision to direct future growth while preserving the quality of life in neighborhoods were approved. In addition, \$200,000 was reallocated from the Comprehensive General Plan Earmarked Reserve to cover the implementation of work to the Update. (Ongoing costs: \$840,000)</p>		
5. Economic Incentive Fund		\$1,000,000
<p>This action establishes an Economic Incentive Fund for the Office of Economic Development which sets aside \$1,000,000 for unanticipated and extraordinary economic development opportunities. This fund will only be utilized for unanticipated and extraordinary projects that may require financial incentives to ensure the creation of new jobs in San José and a corresponding increase in City revenues. (Ongoing costs: \$0)</p>		
6. FMC Operating Site Costs		(200,000)
<p>This action reduces funding for FMC Operating Site Costs. This budget was originally set up to provide funds for the maintenance and operations of the FMC site. The Office of Economic Development is currently in the process of developing a Request for Proposal (RFP) to lease the City portion of the site to a developer for interim use. The RFP process is expected to take approximately six months to complete, and at that time, the selected developer is anticipated to assume the operational costs which will reduce the need for City resources to fund these expenses. It is estimated that the City will be responsible to pay for one-third of next year's expenses; thus, this action reduces the budget by two-thirds. (Ongoing savings: \$200,000)</p>		

Community and Economic Development CSA

City-Wide Expenses

Budget Changes by Program (Cont'd.)

Adopted Program Changes	Positions	General Fund (\$)
7. Mariachi Festival		50,000
This action provides one-time funding in support of the 2007 San José International Mariachi Festival. A matching contribution from the San José Redevelopment Agency is anticipated to be included in their budget for 2007-2008. (Ongoing costs: \$0)		
8. Mexican Heritage Plaza Facility Use Consultant		50,000
This action provides one-time funding to hire a consultant to study appropriate uses for the Mexican Heritage Plaza. A matching contribution from the San José Redevelopment Agency is anticipated to be included in their budget for 2007-2008. (Ongoing costs: \$0)		
9. Shopping Center Improvement Program		300,000
This action provides one-time funding for the Shopping Center Improvement Program, which is a pilot program that was developed in conjunction with the San José Redevelopment Agency (SJRA) and the Department of Planning, Building and Code Enforcement. The pilot program will mirror SJRA's existing Façade Improvement Program. The Shopping Center Improvement Program will provide improvements for retail shopping centers that are outside of Redevelopment Areas. The improvements are only for items that are visible from the public right-of-way, such as enhancements of signs, awnings, doors, windows, paint, landscaping, and other façade details. (Ongoing costs: \$0)		
10. Sports Opportunity Fund		100,000
This action continues for one more year, a one-time addition of \$100,000 to augment the Sports Opportunity Fund. The additional funding will be used to allow staff to do more marketing of the City to attract up to four new sporting events, which could have a collective impact of \$2.5-\$5.0 million in revenue with at least one event being broadcast on national television. (Ongoing costs: \$0)		
11. Teacher Recruiting Program		(10,000)
This action eliminates the Teacher Recruiting Program. The Teacher Recruiting Program was introduced as a package with the Teacher Homebuyer Program. The Teacher Recruiting Program was designed to help support the recruitment of the best teachers for San José public school classrooms. Since the program has not existed since 2002, eliminating this program will have no service level impact. (Ongoing savings: \$10,000)		
12. ZeroOne San José Festival Support		300,000
This action provides one-time funding for the marketing and grant support of the ZeroOne San José Festival (\$200,000). San José aims to become the leading center in North America for the creative intersection of art and technology. While a variety of initiatives, including the Airport Public Art Master Plan, and relationships with San José State University New Media Lab help advance this goal, central to achieving this is the biennial ZeroOne San José International Festival and the talent and capabilities behind it. In its first year, ZeroOne had an economic impact of more than \$9.0 million locally. This action also includes funding for a rotunda light projection program in the amount of \$100,000, as presented by ZeroOne in 2006, which generated interest in future projections and lightings of City Hall. (Ongoing costs: \$0)		

Community and Economic Development CSA

City-Wide Expenses

Budget Changes by Program (Cont'd.)

Adopted Program Changes	Positions	General Fund (\$)
13. Miscellaneous Rebudgets		5,731,539
The rebudget of unexpended 2006-2007 funds will allow for the completion of the projects in 2007-2008 listed below. (Ongoing costs: \$0) (Final Budget Modification)		
Airport West Property Development		116,000
Alviso Historical Markers		4,021
Arts Venture Fund		197,000
Block 3 Public Art		13,426
City Hall Retail Space		800,000
Comprehensive General Plan Update		875,387
Coyote Valley Specific Plan and EIR		2,006,000
Destination Event Marketing		197,831
FMC Site Operating Costs		200,000
Historic Preservation		156,150
Joint Planning-South Campus District		315,000
Martha Gardens/Spartan Keyes Art Festival		45,000
Neighborhood Strip Retail Revitalization		292,875
Planning Area Studies		37,500
Public Art in Private Development Fund		246,466
Sports Opportunity Fund		93,883
Stevens Creek Auto Row		135,000
2007-2008 Adopted Program Changes Total	0.00	8,010,966

Community and Economic Development CSA

General Fund Capital, Transfers, and Reserves

Budget Summary

General Fund Capital, Transfers, and Reserves Community & Economic Development CSA Resource Summary*	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Transfers to Other Funds	\$ 0	\$ 4,200,000	\$ 4,430,000	\$ 4,430,000	5.5%
Earmarked Reserves	N/A	18,381,599	1,020,000	17,443,424	(5.1%)
Total	\$ 0	\$ 22,581,599	\$ 5,450,000	\$ 21,873,424	(3.1%)
Authorized Positions	N/A	N/A	N/A	N/A	N/A

* For a complete listing of allocations for the Transfers to Other Funds and Earmarked Reserves Programs for the Community and Economic Development CSA, please refer to the General Fund Capital, Transfers, and Reserves section of this document.

Budget Changes by Program

Adopted Program Changes	Positions	General Fund (\$)
1. Earmarked Reserves: Comprehensive General Plan Update Reserve Elimination		(1,020,000)
This action liquidates an Earmarked Reserve established in the 2007-2008 General Fund Forecast Base Budget for the Comprehensive General Plan Update. Elsewhere in this document, funding is allocated in the City-Wide Expenses section for the Planning, Building and Code Enforcement Department to complete this Comprehensive General Plan Update. (Ongoing savings: \$820,000)		
2. Earmarked Reserves: Rebudgets		17,443,424
This action provides for the rebudgeting of unexpended 2006-2007 funding from various Earmarked Reserves listed below. (Ongoing cost: \$0) (Final Budget Modification)		
Environmental Mitigation (Burrowing Owl)	338,520	
Fee Supported - Building	7,887,406	
Fee Supported - Fire	2,833,278	
Fee Supported - Public Works	751,944	
Fee Supported - Planning	632,276	
Hayes Mansion Conference Center Line of Credit	5,000,000	
2007-2008 Adopted Program Changes Total	0.00	16,423,424